Austria	Sch. 18	Indonesia	Rp 2500	Portugal	Esc 80
Bahrain	Din.0.650	Italy	L 1300	S. Arabia	Rls 6.00
Belgium	BFr.38	Japan	Y650	Singapore	S$ 4.10
Canada	C$2.00	Jordan	Fils.500	Spain	Pta 110
Cyprus	C£0.80	Kuwait	Fils.500	Sri Lanka	Rup 30
Denmark	Dkr.7.25	Lebanon	£L 6.00	Sweden	Skr 6.50
Egypt	E£1.00	Luxembourg	LFr.38	Switzerland	SFr 2.20
Finland	Fmk 8.00	Malaysia	Rlo 4.25	Taiwan	NT $85
France	FFr. 8.00	Mexico	Pes. 300	Tunisia	Din 0.800
Germany	DM 2.20	Morocco	Dh 6.00	Turkey	L 210
Greece	Dr 70	Netherlands	Fl 2.50	U.A.E.	Dh 6.50
Hong Kong	HK$ 12	Norway	Nkr. 6.00		
India	Rup. 15	Philippines	Pes. 20	U.S.A.	$1.50

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FINANCIAL TIMES

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The euphoria is over for French electronics, Page 21

World news

Reagan, Hawke to discuss MX tests

The MX missile tests in the South Pacific are expected to dominate the meeting between Australian Prime Minister Bob Hawke and President Ronald Reagan in Washington today.

Before leaving Europe, Mr Hawke made an apparent U-turn on his agreement to allow Australia to be used to monitor the MX tests. That, it seems, was the result of political pressure at home.

Mr Hawke's apparent change of mind follows the controversy caused by the refusal of New Zealand Prime Minister David Lange to allow U.S. ships, either nuclear-powered or armed, to enter New Zealand waters. That, in turn, led the U.S. to cancel Anzus "Sea Eagle" naval exercises planned for next month. Page 22

Lisbon resignation

Portuguese Social Democratic leader Carlos Mota Pinto, Deputy Prime Minister in the country's coalition Government, resigned his party post after criticism of his leadership. Mota Pinto said he would leave his future in the Government to be decided by his party. Page 2

Mitterrand attacked

French Communist Party leader Georges Marchais delivered a blistering attack against President François Mitterrand when he opened his party's 25th congress. Page 2

Independence move

Unexpected moves to introduce an independence constitution are to begin in the Turkish-Cypriot assembly this week. The plan in defiance of Turkish-Cypriot leader Rauf Denktash, was pushed through by right-wingers representing a majority in the constituent assembly.

Lebanon protest

Shooting and protest demonstrations broke out as Israeli troops swept into Palestinian and Shia Moslem areas near the south Lebanese city of Tyre in a large anti-guerrilla operation. Page 4

Gibraltar clampdown

Spanish police at the newly opened frontier between Spain and Gibraltar are not allowing Moroccans to enter the country from the British colony unless they have Pta 75,000 ($420) with them.

Chilean arrests

Chile's military Government ordered the arrest of 10 left-wing leaders of the Popular Democratic Movement which was declared unconstitutional last week.

2,100 held in Peru

Peruvian police arrested 2,100 people in a hunt for Maoist guerrillas who blacked out Lima during Pope John Paul's visit.

Teheran killings

A grenade explosion and police gunfire in Teheran left two people dead as Iran marked the sixth anniversary of the return from exile of revolutionary leader Ayatollah Ruhollah Khomeini.

Santo Domingo clash

Troops patrolled Santo Domingo, the capital of the Dominican Republic, after a wave of strikes and violent clashes in which two people were killed and scores of arrests were made.

Goetz gun plea

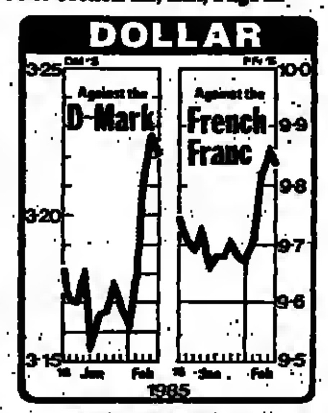
New York's "subway vigilante" Bernhard Goetz denied charges of illegal possession of the gun he used to shoot four black teenagers, as demonstraters' chants of "racist" drifted into a tense, guarded New York courtroom.

Business summary

Strong $ helps bourses to new peaks

EUROPEAN bourses derived benefit from the continued strength of the dollar with records set in a number of centres.

In **Amsterdam** the ANP-CBS General index added 0.3 to 198.5, the Zurich Swiss Bank industrial index firmed 4.1 to 414.60 and the Indicateur de Tendence in Paris was 1.1 ahead at 107.90. Shares also reached peak levels in Milan and Oslo. Section III; Lex, Page 22



DOLLAR was weaker in late London trading, closing at DM 3.2215 (DM 3.227), FFr 9.8375 (FFr 9.86), SwFr 2.737 (SwFr 2.752) and Y259.45 (Y259.7). On Bank of England figures the dollar's index rose to another record of 148.7 from 148.4. Page 41

STERLING was firm in London, gaining 25 points against the dollar to close at $1.114. It also rose to DM 3.59 (DM 3.5875), FFr 10.95 (FFr 10.9475), SwFr 3.05 (SwFr 3.045) and Y289.0 (Y288.5). The pound's exchange index rose to 71.5 from 71.4. Page 41

GOLD rose 75 cents on the London bullion market to $303. It also improved in Zurich to $303.35. Page 40

WALL STREET: The Dow Jones industrial average closed down 4.64 at 1,280.59. Section III

TOKYO: Revived buying over a broad range took the Nikkei Dow market average up 43.74 to 11,867.17. Section III

LONDON equities and gilts recovered from early losses to finish firm. The FT Ordinary index edged 0.9 higher to 983.3. Section III

NIXDORF, West German data processing company, boosted sales revenue by 21 per cent to DM 3.27bn ($1.01bn) last year and said profits were "well above" the previous year. Page 24

JEUMONT-SCHNEIDER, specialised French engineering and electronics group, is to shed about a third of the workforce in its heavy electrical and nuclear division because of e slump in orders. Page 24

ENKA, West German-based man-made fibres division of the Dutch Akzo chemical concern, expects to report net profits of about DM 200m ($62m) for last year, more than double 1983 earnings of DM 91m. Page 24

GAMBRO, Swedish manufacturer of kidney dialysis machines recently taken over by the Sonessons light engineering group, is to shed 200 mainly administrative personnel amid fears that its 1984 results may be well below forecasts. Page 24

LEAR FAN carbon-fibre aircraft, which is to be manufactured in Northern Ireland with substantial British Government backing, has developed another technical problem. Page 23

ARMCO, diversified U.S. steel and oilfield equipment group, announced a net loss of $295m for 1984, but warned that the figure might change after a final evaluation of provisions against the sale of discontinued businesses. Page 23

CONSAFE of Sweden, the world's largest owner nf offshore accomodation platforms, paid SKr 8m ($872,000) for an 84 per cent stake in Brunsgaard Klosterud, a small Norwegian company, which it plans to use as a vehicle for its eventual withdrawal from Sweden.

U.S. budget deficit 'could top $400bn by end of decade'

BY STEWART FLEMING IN WASHINGTON

THE U.S. budget deficit could soar to more than $400bn in the event of a recession later in the decade, Mr Rudolph Penner, director of the Congressional Budget Office (CBO), the authoritative independent budget analysis agency, warned in budget testimony to congress yesterday.

Mr Penner's comments, which he linked with the uncertainty about the economic outlook, follow Monday's release of President Ronald Reagan's controversial budget proposals for 1986.

These project federal deficits dropping to $144bn by 1988 if the savings he recommends are enacted and the economy expands at a real rate of about 4 per cent annually, but deficits remaining around the $220bn level if no savings are made.

The CBO's baseline budget projections assuming, as the President does, reasonably strong growth over the next five years – are not markedly different from the Administration's up to 1988. But they show the deficit rising to $296bn by 1990, largely because of higher interest rate assumptions.

But Mr Penner expressed concern yesterday about the implications of this outlook for the U.S. economy because it would raise the ratio between federal debt and gross national product (GNP) from under 30 per cent in the 1970s to almost 50 per cent in 1990, and the cost of interest on the national debt to $230bn nn the CBO's forecasts for the deficit and interest rates.

The CBO's gloomy $400bn-plus deficit projection results from an excercise the CBO conducts to see how the deficit would be affected by different economic conditions. The projection assumes a decline in real GNP of 1.8 per cent in 1987 and 0.1 per cent in 1988, with interest rates dropping to 8.0 per cent and 8.5 per cent during the recession.

While not dismissing such assumptions as implausible, some private economists yesterday questioned the assumptions, Mr Greg Ballentine, who recently resigned as chief economist of the Administration's Office of Management and Budget, said the economic assumptions of the CBO were arguably too pessimistic because normally a U.S. economic upswing ended in a burst of growth and a recession was followed by a rapid upturn.

That pattern would tend to limit the rise in the deficit to around the $300bn level. "It is not unrealistic to assume that we could have a recession, but it is unrealistic that we would have a recession of this nature," with slow growth before the recession he maintained. The CBO assumed growth of only 2.8 per cent in the pre-recession year.

Mr Greg Wills, of the Urban Institute in Washington, said that a relevant question for budget planners was not merely the absolute size of the deficit but the proportion of it which was structural in nature and how much was caused by the economic cycle and therefore reversible as the economy recovered.

He pointed out, too, that the reaction of economic policymakers, particularly the Federal Reserve, which might be expected to try to ease monetary policy and revive the economy, could also limit the increase in the deficit.

But economists are aware, too, that while the Reagan Administration's economic projections represent an optimistic assessment of the outlook, the CBO's recession scenario is not necessarily the worst plausible case that could be constructed.

There are fears that the next U.S. recession could be accompanied by a falling dollar, rising interest rates and inflation, and slower growth. Indeed, the President's budget message raised that possibility. In these circumstances the CBO projection of $400bn deficits could be too optimistic.

On the other hand, as the CBO points nut, by assuming real economic growth of a percentage point higher than its five-year projection of about 3.4 per cent annually, even with higher interest rates, the deficit could decline to $126bn by 1990, or 1.9 per cent of GNP.

Editorial comment, Page 20; Waiting for the dollar bubble to burst, Page 21

De Larosiere calls for action on interest rates

BY DAVID BROWN IN STOCKHOLM

A CALL for the Reagan Administration to to take "swift and credible" action to cut the U.S. budget deficit in order to ease interest rates and developing countries' debt-service burden was made yesterday by Mr Jacques de Larosiere, director of the International Monetary Fund (IMF).

Mr de Larosiere said that a reduction in the U.S. budget deficit was necessary to ease interest rates and the heavy debt burden of developing countries.

Pointing to the sharp growth in the U.S. current account deficit, Mr de Larosiere also warned: "The question arises as to how long the heavy and growing dependence of the U.S. on foreign savings can continue."

He said that monetary discipline, determined action to reduce the budget deficit and a curb on the growth of public spending were crucial if the pace of economic recovery was to spread beyond the U.S. and the decline in interest rates was to continue on a durable basis.

Speaking in Stockholm, Mr de Larosiere also called on West European countries to address the "rigidities and distortions" in their economies which had led to growing protectionist tendencies. Indexation of wages, over-regulation of the labour market and a massive growth in government benefit payments had caused inefficiency and delayed investment and structural change, he said.

Without a firm rejection of protectionism by industrialised nations in the forthcoming trade negotiations at the General Agreement on Tariffs and Trade, both the prospects for recovery and debt repayment by developing countries and the fabric of the global economic system would be threatened.

Noting that a widespread lapse into protectionism had been avoided, Mr de Larosiere saw a significant rise in "ad hoc" restrictions. He singled out the introduction of quotas, "voluntary" export restraints, bilateralism and counter-trade arrangements as being counter-productive.

Widespread subsidies to ailing industries by developed countries and agricultural protection policies were also responsible for clouding the medium-term prospects for an orderly resolution of the debt problem.

He said that of the total consumption of manufactured goods in the U.S. and Europe, 30 per cent were subject to such restrictions in 1983, a 50 per cent rise in three years.

Röller to head Dresdner Bank as Friderichs quits over Flick

BY JOHN DAVIES IN FRANKFURT

DR HANS FRIDERICHS, who faces corruption charges in West Germany's Flick affair, resigned yesterday as chief executive of Dresdner Bank.

The bank named Dr Wolfgang Röller, acting chief executive, to take over the job.

Dr Friderichs had already been released from his position to concentrate on his legal defence, but the opening of the court case was unexpectedly postponed from January 10 to an unspecified date.

Dresdner said yesterday that Dr Friderichs had asked the bank to accept his resignation as chief executive and as e board member because it was no longer possible to tell when the court case was likely to start or how long it would last.

It said that Dr Friderichs had always indicated that he would act in the interests of the bank if the development of the case warranted it.

Dr Friderichs, a former Economics Minister, faces trial in Bonn with his ministerial successor, Count Otto Lambsdorff, and Herr Eberhard von Brauchitsch, a former chief executive of the Flick industrial group.

Dr Friderichs has denied ever receiving money from Flick, either for himself or for the Free Democratic Party (FDP) of which he was a leading member.

He moved from Bonn to take over the top job at Dresdner more than six years ago, succeeding Herr Jürgen Ponto, who was shot dead by terrorists.

He built e reputation as e confident and highly skilful businessman, as well as a shrewd tactician.

Last September he still radiated confidence as the bank announced that he would be released temporarily from his duties. He stressed then that he remained a member of the bank's board and intended to continue to give as much time as possible to its affairs.

Dr Röller, who at that time was presented as an interim chief executive, is the Dresdner Bank's senior capital markets expert.

Dr Friderichs sent his resignation to Herr Helmut Häusgen, the head of the supervisory board. The management board then named Dr Röller to become its "spokesman," or chief executive.

The top-level change will come into effect officially on March 27, when the supervisory board meets and will accept Dr Friderichs' resignation.

Creditors relax conditions for Dome recovery

By Bernard Simon in Toronto

DOME PETROLEUM, the troubled Canadian energy producer, has improved its chances of recovery by persuading creditors to proceed with a C$5.3bn ($3.97bn) debt restructuring agreement without enforcing one of the plan's key conditions.

The rescheduling accord, under negotiation for more than a year, was implemented on Tuesday with Dome's 56 creditors no longer insisting that the company proceed immediately with a C$350m equity issue. Instead, the Calgary-based company has agreed to raise C$100m and to sell C$150m of assets by the end of 1986.

Dome's chairman, Mr Howard Macdonald, yesterday described the debt rescheduling as a "milestone."

"It is important to be able to manage the company instead of spending most of one's time rescheduling the debt," he said.

Dome came close to collapse three years ago when falling energy prices and rising interest rates abruptly ended a series of ambitious acquisitions. The company lost C$1.1bn in 1983 and C$105.4m in the first nine months of last year. Its total debt stands at C$6.4bn.

Under the rescheduling agreement, principal repayments will be stretched to 1995. Repayment in five years to 1988 will be cut by C$3.5bn, enabling the company to match debt obligations more closely with projected cash flows. Lenders will receive entire interest on the rescheduled debt with rate increases of ¼ of 1 per cent a year every three years.

Mr Macdonald said that the company's current priorities included limiting its exposure to volatile interest rates by converting a sizeable portion of floating rate debt to fixed turns. About 85 per cent of Dome's debt is currently set at floating rates. Each percentage point rise in interest rates costs the company C$52m a year.

Mr Macdonald said that Dome remained committed to raising new equity, adding that "we will certainly not be shy in going forward if the market is there."

Weak oil prices and an unreceptive investment climate forced Dome last November to call off plans for an international equity offering. The failure to raise new capital is expected to impair its ability to maintain investment in its three remaining core businesses of western Canadian oil and gas, natural

Continued on Page 22

Earnings up at TransCanada PipeLines, Page 23

Renault wage deduction to aid investment

BY PAUL BETTS IN PARIS

RENAULT, the financially troubled French state-owned car group, will deduct e small portion of the February salaries of its 89,000 workers to help to finance new job-creating investments.

Although the scheme at this stage involves a relatively modest sum of FFr 70m ($7.1m), it is the first time e French state group has experimented with worker "givebacks," which were widely used by the U.S. motor industry to help it out of its last crisis, in an effort to resolve its financial problems. Renault expects to report losses of up to FFr 10bn for 1984.

Under its scheme Renault has asked its 89,000 car workers to contribute 0.2 per cent of their February earnings to help to constitute e special investment fund. The company, for its part, will contribute the equivalent of 0.4 per cent of the payroll to this fund.

The workers' contribution will be obligatory, and the fund will raise with these obligatory contributions FFr 70m for job-creating investments in high-technology sectors, a Renault official confirmed last night.

The company is also encouraging workers to make voluntary contributions to the scheme.

The obligatory contribution for Renault car workers will be refunded with interest in five years' time to each employee. The interest rate for these contributions has yet to be fixed.

The voluntary contributions will be paid back with an interest rate 2.5 per cent higher than the current rate for French savings book accounts. At current rates the Renault workers would earn 9 per cent interest on their voluntary contributions. These contributions are also expected to enjoy certain fiscal advantages.

Four unions, including the pro-Socialist CFDT, have formally ratified the Renault scheme, while the pro-Communist CGT union and the centrist FO union have not signed a formal agreement with the state group.

Renault had been negotiating the novel scheme with its workers since last November.

Acorn Computers in reorganisation move

BY JASON CRISP IN LONDON

ACORN COMPUTERS, the troubled British home computer company, yesterday said it was actively taking steps to reorganise its affairs. It also said that it had dismissed Lazard Brothers as its financial adviser and that Cazenove had resigned as the company's stockbroker.

Acorn's shares were suspended on the London Stock Exchange at 28p yesterday, against a closing price of 32p on Tuesday. They reached 23p at one stage in yesterday's trading.

The company has faced a growing crisis of confidence in recent weeks, and its share price has plunged from last year's high of 193p.

London stockbrokers Wood Mackenzie last night sharply revised its forecast for Acorn, predicting a £3m loss on sales of £95m ($106m) in the year to June 1985. Until recently most brokers expected Acorn to make e similar profit to last year's pre-tax figure of £10.8m

Wood Mackenzie expects Acorn to announce a £2.5m loss on the first half, which includes the important pre-Christmas period

British Telecom is to start making under licence high-performance professional microcomputers designed by Bleasdale Computers, a small British company. Initially BT plans to use the microcomputers internally, but may start selling them on the open market from next year. Page 22

The main reason for the losses in the first half are a £4m writedown of stocks because of recent price cuts and losses of £3m as e result of Acorn's abortive foray into the U.S. education market.

Two weeks ago, Acorn denied reports that it had particularly bad Christmas sales.

Acorn cut the price of the Electron from £200 to £130. The company's main British rivals, Sinclair Research and Amstrad, say that the new price is below cost. Acorn will almost certainly drop the Electron in its basic form once it has sold its stocks.

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CONTENTS

EUROPEAN NEWS

Moscow's spending on weapons shows signs of acceleration

BY PATRICK COCKBURN IN MOSCOW

Marshal Ogarkov (left): technical changes

THE Soviet Union has attacked the U.S. defence budget strongly, saying it shows that Washington intends to press ahead with first-strike weapons.

The draft federal hudget for 1985-86, in which $322.7hn is allocated for defance, has "a vividly expressed militaristic character," according to the Soviet news agency, Tass.

Increased defence spending by the Reagan Administration has long been criticised by Soviet civil and military leaders as evidenca that Wasbington wants to change the military balance

It is not elear, however, how far Moscow has decided to match tbe increase in Washington's spending on the military. There was a 12 per cent increase in the official Soviet military budget for this year, but this budget is only a portion of total defence spending, which takes up to 13 per cent of gross national product.

Under Marshal Dmitri Ustinov, the powerful Defence Minister from 1976 until his death at the end of last year, Moscow'a military procurement policy was largely static, according to U.S. estimates. These put the growth of total defence costs at 2 per cent a year from 1976 to 1982.

A spokesman for the Central Intelligence Agency, addressing a congressional committee last year, said that in the alowdown in Soviet arms deployment "practically all major categories of Soviet weapons were affected—missiles, aircraft and ships."

This may now be changing. The budget for this year, and hints by senior Soviet officers, imply that defence allocations have increased.

Immediately after the budget was passed by the Supreme Soviet, General Petr Gorchakov, political head of the strategic rocket force, said that defence spending had been raised because of the greater threat from the U.S. and other Nato nations. He added that Washington hoped to damage the Soviet economy by forcing a switch in resources from the civilian to the military sector but that this would not cortail development.

More recently, a high-ranking officer wrote in tha military daily newspaper, Red Star, that high technology "is leading to more costly weaponry and military equipment."

This was the theme strongly pressed by the former Soviet Chief of Staff, Marshal Nikolai Ogarkov, who was dismissed last year. He argued that high technology conventional, not nuclear, weapons are revolutionising warfare and that the Soviet Union must keep up.

The Red Star article, noting the impact of higher defence spending, said: "All soldiers must he aware that every kilo of fuel or every kilowatt of electric energy saved, or the extension of the working life of machinery, will save resources for the Soviet economy."

OIL TRADERS said yesterday that the reports of cuts in Soviet exports of oil and oil products to West Europe reflected a shortage that has been evident for the past two months, Dominic Lawson writes.

Soviet oil exports are usually only 1.9m barrels a day in the first quarter, compared with the annual average of 2.2m h/d, because of severe weather affecting prodnction, and causing higher demand inside the Soviet Union. The shortfall is likely to be made np later.

Only 0.5m b/d of oil and oil prodncts appear to be arriving from the Soviet Union at present. This has resulted in a sharp strengthening in spot prices for prompt deliveries of competing crudes from the North Sea and Libya.

Top people implicated in Spanish currency scandal

By David White in Madrid

NUMEROUS MEMBERS of Spanish high society are alleged to have been involved in a multi-million dollar scheme to chaunel money illegally ont of Spain to Switzerland.

Eighteen people have been detained in the sffair, and well-known aristocratic figures loosely connected to the Spanish royal family, are alleged to have taken part.

The case, now in the hands of Madrid courts, represents the biggest crackdown on currency evasion since the Socialist Government arrived in power in 1982. A currency law hrought in 18 months ago provides for up to 12 years' imprisonment, in cases involving large sums, and heavy fines.

One of the country'a most distinguished jurists, Sr Eduardo Garcia Eoterrie, end bis wife were released on Tuesday by an examining magistrate on bail of Pta 25m (£127,000)

Sr Garcia Enterria, Professor in Administrative Law at Madrid University, Spanish representative on the European Court of Human Rights, and one of tbe architects of the country's regional devolution law three years ago, is accussed in reletion to a Pta 200m transfer to Switzerland. He denied taking part in any illegal actions.

The couple and several other people, including the Count of Gamazo—described as a frieod of King Juan Carlos's father, Don Juan—provided testimony yesterday at a special monetary offences trihunel.

The case has hlown up following the detention at Medrid Airport of Sr Francisco Palazoo, a former Spanish consul-general in Geneva, aod the discovery by police of two lists of wbat are alleged to have been clients of a currency flight network organised by him.

These were reported hv the Spanish news agency Efe to carry 4 names including such pseudonyms as Daisy, Lily and Cypress. Other reports suggested that np to 80 wealthy Spanisrds might be involved and that the sums concerned could total some Pta 3bn (£15m).

France appoints top policeman to run anti-terror campaign

BY DAVID HOUSEGO IN PARIS

M. ROBERT BROUSSARD, France's best known policeman who is currently in charge of police operations in Corsica, was yesterday given effective control of France's anti-terrorist forces. The appointment is intended both to reinforce co-operation between France's diverse anti-terrorist units and to dramatise the Government's determination over the issue.

It follows the announcement of intensified collaboration mede in Bonn hy the French and West German governments on Tuesday after the recent murder hy terrorists of a West Germen industrialist and the head of French arms sales at the Ministry of Defence

Though responsibility for the assassination of General Rene Audran 10 days ago was claimed by Action Directe, the extreme French Left-wing group, French police believe tha guiding hand came from West Germany. The joint communique issued by Action Directe and the West German terrorist group Red Army Faction announcing that they intended to combine forces was in the French text a crude translation from German.

The announcement of M Broussard's appointment is also a sign that the Government is acting on the "worst" scenario—thet the double murder in West Germany and France marks the beginning of a new wave of terrorism in Europe.

Officials in both West Germany and France are inclined to belive that the murdera are an unexpected resurgence of earlier movements hut they are not certain.

Marchais blames Socialists for decline of Communists

BY PAUL BETTS IN PARIS

M GEORGES MARCHAIS, secretery general of the French Communist Party, delivered yesterdey s hlistering attack against President Francois Mitterand in a marathon opening address to his party'a 25th congress.

By placing most of the blame for his party's recent elecloral decline on M Milterrand and the Socalist Party, M Marchais put a further nail in the coffin of the so-called union of the Freoch Left.

His 198-page speech, delivered in two parts, was the most virulent and direct Communist attack to date against the Socalists since the party withdrew from the coalition

But the tone of the speech and the lecklustre reception it received from nearly 2,000 delegates assembled in a northern suburb of Paris also reflected the party'a profound internal crisis.

Although M Marchais's leadership has been increasingly criticised, the congress is widely expected to renew his mandate. But for the first time, he is likely to be flanked by s deputy.

M Marchais made only vague concessions yesterday to party dissidents who have been urging reforms and greater internal democracy.

No realignment of lira in EMS, says central bank

BY JAMES BUXTON IN ROME

THE BANK of Italy has moved to quash speculation that the lira may be devalued within the European Monetary System. It said that to talk of "a policy of devaluing the lira is completely out of place."

Recent press reports have suggested that the Italian authorities want to lower the central parity of the lira in the EMS in order to help Italian exports to regain competitiveness.

The lira, as the Bank of Italy points out, is currently one of the stronger currencies in the EMS. It bas heen calculated that, in the year to last October, the lira gained an average of 2.3 per cent against other EEC currenries, including a risa of 5.7 per cent against sterling and of 4.9 per cent against the D-Mark.

Some leading husinessmen have called for devaluation to help companies thal may otherwise go out of husiness, and several economists have said that the currency is overvalued. They hlame high real interest rates for attracting foreign capital to Italy and pushing up the lira's value.

However, Sig Giovanni Goria, the Treasury Minister, has rejected any suggestion of devaluation. Apart from the practical difficulties of convincing Italy'a partners in the EMS that a devalnation was necessary, the authorities believe that a bigh lira is an extra incentive to companies to become more efficient and hold down labour costs.

Bulgaria denies accusations of drugs dealing

By Patrick Blum in Sophia

BULGARIA yesterday rejected U.S. allegations of its involvement in international drugs trafficking and defended its record in fighting drug smuggling.

At an unusual news conference here, senior officials described the accusations as "groundless" and as part of a campaign designed to tarnish Bulgaria's image.

The accusations have come primarily from the Uniled States

A report written last May named individuals, operating in Bulgaria, and accused Kintex, the atate trading company, of being at the centre of an illicit weapons-for-drugs traffic.

Mr Georgi Pirinsky, the Deputy Foreign Trade Minister, dismissed the claim as being without substantive evidence. Kiotex was concerned primarily with defence procurement for Bulgaria and had never acted oulside the law.

Mr Theodor Tsvetkov, Deputy Director of the Bulgarian Customs, said his country was among the first to respond to appeala for assistance to fight the drug smuggling.

Hawke fails to get beef pledge

By Quentin Peel in Brussels

THE EUROPEAN Commission has refused to give Australia an undertaking that it will not sell surplus beef at a discount in Far Eastern markets, but declared that it had no intention of doing so "in present circumstances."

The assurance, given by Mr Frans Andriessen, the Agriculture Commissioner, falls some way short of the agreement sought by Mr Bob Hawke, the Australian Prime Minister, who is now in Washington for talks with U.S. leaders.

It emerged in lengthy talks on Tuesday between Mr Andriessen and Mr John Kerin, the Australian Minister for Primary Industry, which covered the whole range of competition in international agricultural trade between the EEC and Australia, including dairy products, cereals and wine.

Mr Hawke had called for a promise that the EEC would not sell subsidised beef to the East Asian and Pacific region, including Japan, which constitutes Australia's second most important market after the U.S.

He also urged the Community to cut back exports of other subsidised farm products to the region, charging that they were unfairly undermining Australian trade.

Commission officials said Mr Andriessen's statement was intended to reassure Australian farmers increasingly concerned at Europe's growing beef exports, which rose from some 600,000 tonnes in 1983 to around 800,000 tonnes last year.

The Commission had agreed to reduce the export subsidies granted for cheese going to the Australian market, another concern raised by Mr Kerin.

Ban requested on animal feed hormones

BRUSSELS — The European Community Consumers Bureau (BEUC) yesterday called for a general ban on the use of all hormones in animal feed, adding its weight to n two-week-old veal boycott sponsored by a French consumer association.

Mr Tony Venables, BEUC chairman, said the group wanted EEC states to agree to outlaw the use of all growth-boosting hormones by farmers, and threatened to organise n Europe-wide consumer boycott if their demands were not met. Reuter

Kyprianou 'no' to poll

Cyprus President Spyros Kyprianou, under heavy fire from domestic critics over the failnre of UN talks about reuniting the island, yesterday ruled out early elections over the issue, Reutar rports from Athens.

Helicopter study by 5 Nato nations

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT, IN LONDON

BRITAIN has agreed to conduct feasibility studies into a new military helicopter jointly with France, West Germany, Italy and the Netherlands.

The studies are expected to start this year between industries of the five countries after a formal memorandum of understanding is signed by ministers in the next two or three months.

The new helicopter, which would weigh about eight tons and be capable of transporting about 12 men, would replace a series of helicopters presently in service in the five Nato nations. It might come into service between 1993 and 1997.

However, endorsement of the new programme, still at an early stage, is a source of potential embarrassment both for Mr Michael Heseltine, the UK Defence Secretary, and for Westland Helicopters, Britain's only helicopter maker.

Although Westland will be involved in the new project, it would come to fruition too late to solve the company's immediate problems, which centre on a gap in its production lines between 1986 and 1989.

To plug the gap, Westland is hoping that Mr Heseltine will agree in the next few months to buy its Westland 30 aircraft, suitably adapted, to meet a Royal Air Force requirement for replacing its fleet of 100 Wessex and Puma transport helicopters.

By endorsing the new feasibility study, however, Mr Heseltine is clearly leaving open the possibility that he will not replace the RAF's Wessex and Puma fleets until a new joint-venture Nato helicopter is available.

A second option being suggested is that the Defence Secretary might order some W30 aircraft from Westland, leaving the bulk of the order for the joint multinational helicopter. That would be the more costly option, since two lots of development costs, as well as extra running costs for two different transport helicopters, would be involved.

Hungary leads E. Europe in assault on lead

BY LESLIE COLITT IN BERLIN

HUNGARY HAS become the first country in Eastern Europe to announce measures to reduce the lead in petrol, and the sulphur in diesel and heating oil. The move follows steps by neighbouring Austria and West Germany to make lead-free petrol mandatory soon in new cars.

The lead in Hungarian petrol has been lowered to 0.4 grammes from 0.6 grammes per litre for regular petrol. This is similar to the level in the UK and most other European countries.

Lead-free petrol will be sold from next January at ten filling stations along the main transit routes through Hungary. It will be intended for Western motorists, whose cars are equipped with catalytic converters. The hulk of Hungary's tourists come from Austria and West Germany and are expected increasingly to drive such cars.

Hungary also intends to lower the sulphur content of diesel and home fuel oil this year from more than 1 per cent to 0.5 per cent, leading to s sharp drop in sulphur dioxide emissions. Buses in Budapest, which bas serious air pollution, are to use diesel fuel with 0.2 per cent sulphur.

East Germany has already announced that it will shortly begin offering lead-free petrol to Westerners travelling between West Berlin and West Germany.

It has rejected charges by West Berlin's mayor, however, that pollution from East Berlin and East Germany was largely responsible for a series of smog alarms in the city last month. West Berlin scientists say that much of the pollution plaguing the city comes from the ten lignite-fuelled power stations to the south of Berlin in East Germany.

West German union fights pollution critics

BY JOHN DAVIES IN FRANKFURT

THE WEST GERMAN chemical workers' union, IG Chemie, is taking a fighting stand against environmentalists in the continuing controversy over pollution.

It is not only determined to fight shoulder-to-shoulder with chemical employers, it is urging them to speak up more loudly against the critics who hlame the industry for pollution.

Herr Hermann Rappe, the tough and outspokan union president, believes that the chemical industry is "too defensive" on environmental issues. Everyone involved, workers and employers, must be more assertive in pointing out that they are contributing to technological progress and that they are already doing a lot to improve the environment.

Herr Rappe, who is interviewed at length in the house journal of Bayer, the chemical and pharmaceutical concern, says he has always been concerned to prevent chemical workers being regarded as "poison brethren" within the union movement.

IG Chamie, one of West Germany's hlggest unions, has 638,000 members, including 280,000 in the chemical industry (the rest in paper, ceramics and other areas).

As if rallying to Herr Rappe's call, workers at Hoechst, the big chemical concern, have joined the company in taking legal action against members of the Green party in the Frankfurt city council.

The Hoechst management and the workers' council claim that they were slandered by the Greens during city council debate.

W. German food group faces cartel action

By Our Frankfurt Staff

THE West German Cartel Office has signalled its intention to take sction against Selex & Tania, an association of 100 West German food retailing and wholesaling concerns with sales revenue of DM 18bn (£5bn) a year.

It has told the association that it cannot continue to operate in its present form or with its present ownership.

The Office also intends to investigate other associations in which food retailers have joined forces to buy goods from suppliers at concession rates for later sale to the puhlic.

The companies involved in Selex & Tania operate throughout West Germany, but mostly in the north and in Westphalia. Retail stores who are memhers of the association buy goods from the wbolesale traders who are also members, although they are free to buy elsewhere. It is understood that purchases organised between members of the association are running at about DM 1bn a year.

Tha Cartel Office said yesterday that, in principle, it was in favour of independent traders getting together to huy goods, becausa many small and medium-sized enterprises would not otherwise be competitive with large atores and chains of stores.

It bad grave douhts, however, when the retailers involved were large concerns which might increase thair market power in relation to suppliers and consolidate their existing competitive advantage over small traders.

In recent years tha Cartel Office bas given close scrutiny to a spate of tranaactions in which retail concerns bave agreed to merge or to take a financial stake in other retail operations.

Ceuta demand

Moroccan newspapers yesterday caleld on Spain to negotiate the return of its enclaves of Ceuta and Melilla to Morocco, now that il hss begun talks with Brilain on the question of sovreignty over Gibraltar.

Polish trial protest

The Roman Catholic Church bas protested to the Polish Government against attacks made on it during the trial of four security officers accused in the murder of the pro-Solidarity priest, Fr Jerzy Popieluszko. The trial verdicts are expected today.

Eanes waits in the wings while Portugal's coalition squabbles

BY DIANA SMITH IN LISBON

THE political upbeaval in Portugal caused by the resignation late on Tuesday night of Prof Carlos Mota Pinto, the Deputy Prime Minister, from the presidency of the Social Democrat Party (PSD) will fuel the energetic campaign being waged by the country'a outgoing President, General Antonio Ramalho Eanes, to remain in politics.

Gen Eanes cannot constitutionally run again for President, but wants to stay in politics after his term explres in Decemher. He has been trying to form a party of his own involving a cross-section of military officers who once sat on tha Revolutionary Council with him, small businessmen and farmers, industrialists and technocrats.

Tha party has not taken off as quickly as its promoters hoped. It is hampered by the President's inability to be actively involved as long as ha is in office, and hy its image as a cast of characters without a visible programme.

But every time the PSD indulges in one of its frequent intra-party factional squahhles, the latest of which has claimed Sr Mota Pinto as its victim, Gen Eanes'a followers' hopes of attracting more support from voters dismayed hy established party politics are raised.

Tha disarray insida the PSD bodes ill for Prime Minister Mario Soares's Socialist Party, the senior coalition partner. President Eanes is constitutionally harred from dissolving Parliament and calling a snap general election—in which hia new party would take part—unless the Government collapses and democratic institutions are threatened.

Sr Soares and Prof Mota Pinto bave done their utmost to prevent such a scenario from developing befora June 30, when the President can no longer act to dissolve Parliament and must wait until his term expires in December.

Prof Mota Pinto: quit as party leader

Yesterday, Prof Mota Pinto told Sr Soares that he was prepared to give up government office (he is Defence Minister as well as Deputy Prime Minister) following his resignation from party office.

But Sr Soares asked him to stay on until the problem of the PSD leadership is resolved. A summit meeting of the two coalition parties will be held next week to debate the crisis.

But no final decision will occur until the SPD holds a apecial party congress in the first week of April. Many politicians have interpreted Prof Mota Pinto's resignation as a tactical withdrawal to allow a strong groundswell in his favour to build up among the party rank and file. This would carry him back to tha party leadership at the April congress.

The PSD rank and file has a strong provincial make-up with no taste for the power plays and chronic disruption generated from Lisbon. This week's crisis is only the latest in a long line.

- In 1976 dissidents drove out the late Sr Francisco Sa Carneiro, the PSD's most charismatic figure. After his withdrawal from the party, Sr Sa Carneiro returned as its president a year or so later. In 1979 and 1980 he led an alliance of Social and Christian Democrats to sweeping electoral victories but diad in an air crash in 1980 before his programmes could be put into practice.
- In 1981, PSD hecklers heseiged Sr Sa Carneiro's unanimously elected PSD successor, Sr Francisco Balsemao. He, too, resigned, returning with greater support later. But the skirmishes continued and Sr Balsemao resigned for good as party president and Prime Minister in December 1982. Soon after, Prof Moto Pinto was chosen as leader, also unanimously.

At issue in the PSD's latest crisis is the choice of candidate for this year's Presidential elections to replace Gen Eanes. Sr Soares, who wants to run, would have liked PSD backing, but many Social Democrats are against him.

They want to choose their own front runner; some, like Prof Mota Pinto favour an independent military candidate, others want a civilian contender. Wrangling over the issue started unsettling the PSD late last year, severely delaying vital economic measures the coalition wanted to introduce and causing friction hetween Sr Soares and Prof Mota Pinto.

Irish move on contraception

BY BRENDAN KEENAN IN DUBLIN

THE IRISH Government is to publish a Bill today to liberalise the provision of contraceptives. Under its terms anyone over 18 will be able to huy non-medical contraceptives from a chemist or health centre. At present only married peopla can obtain contraceptives on a doctor's prescription.

The coalition government of Dr Garret FitzGerald has promised to liberalise the law but there are fears that not all back-benchers in his Fine Gael party will support the measure, which will be opposed by the country's Roman Catholic Bishops. The Government planners believe they can keep defections to two, especially if the Bill is processed quickly through Parliament. The Government has an overall majority of six.

The opposition Fianna Fail has yet to declare its attitude. It would probably oppose the Bill if it thought it could embarrass the Prime Minister with a parliamentary defeat to follow last year's defeat on a constitutional amendment banning the introduction of abortion. It may take a different view, however, if the Government looks like having a majority.

AS TRIDENT'S COST TO BRITAIN SOARS

French push missile collaboration again

BY DAVID MARSH IN PARIS

GENERAL JACQUES MITTERRAND, the former cbairman of Frencb state-owned aerospace group Aerospatiale, yesterday said possible collaboraiton between France and Britain over nuclear weapons would be a "marvellous idea" but stressed that any decision would need considerable political will on hoth sides.

Brother of the French President and now cbairman of France's Aeronautical and Space Industries Association, Gen Mitterrand revealed that he put forward the suggestion informally to Mrs Margaret Thatcher, the British Prime Minister, a few years ago. She replied that the idea was not feasible, as Britain's nuclear submarines were not suited to take France's hallistic missiles.

The idea of possible technical collaboration between Europe's two nuclear weapons states, which bas been mooted sporadically over the past 30 years, has come up again recently because of the rising cost of Britain's agreement with the U.S. to equip its next generation of ballistic missile-launching submarines with the Trident weapon.

Some UK commentators bave suggested that Britain sbould take another look at the option of using French missilea in view of closer links on defence collaboration between tha two countries and France's now establisbed expertise in missile development.

Gen Mitterrand, wbo was answering questions at a meeting with journalists, said French industrialists would be interested in opening up "a real discussion" with Britain over nuclear collaboration.

He empbasised, bowever, that this would only be as part of an overall French government policy, and also that the lead would have to come from the British.

French Defence Ministry officials in 1982 made overtures to Britain about selling France's M4 ballistic missila system to the UK in preference to Trident. They also put forward the possibility of joint efforts to develop the M5, studies on which have been delayed in France because of budgetary cuts.

Although a British government committee at the end of the 1970s did briefly consider tbe "Frencb option" as an alternative to replace Britain's ageing Polaris submarine-launched weapons, the matter was never seriously pursued.

French officials suggest that the M4 missile—armed with six 150 kiloton warheads and with a range of more than 4,000 km—would be more suited to Britain's needs than the Trident system. At a cost now estimated by the UK Government at £10.4bn over the next 20 years (based on the current dollar/sterling exchange rate), Trident is not only more expensive than a French alternative but also, French officials suggest, over-sophisticated compared with British requiremants for a minimum credibla independent deterrent.

Gen Mitterrand said yesterday that he did not want to intrude into the domestic British debata about Trident, but suggested that collaboration on a French-built system would give the UK an "extra degree of freedom" compared with Trident.

Even with an improvement in the political climate, officials from hoth countries say any Franco-British collaboration on nuclear weapons would remain very difficult because of the independent path followed by France since the 1950s and Britain's strong nuclear alliance with the U.S.

However, possible areas of negotiation have opened up in recent months. France bas shown interest in acquiring access to secret British nuclear submarine technology, and has also held out hopes of collaboration between the two countries in a future generation of satellites to communicate with submarine fleets.

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Andrew Whitley, in Rio de Janeiro, on rising opposition to the president-elect

Brazil's left wing gathers its forces

AS MILLIONS of Brazilians celebrated the electoral victory of Sr Tancredo Neves, the opposition leader, over the military regime's presidential candidate last month, Left-wing opponents of the country's new leader were already busy at work.

In the ABC districts of Sao Paulo—tha most heavily industrialised region of the country and seedbed to its trade union movement—activists were handing over leaflets entitled "the farce of the electoral college."

Attacking Sr Neves and his political allies for having gone along with the military-designed indirect election, union officials from CUT, a Left-wing federation, rejected out of hand the new president's proposed "social pact" with workers aimed at restraining wage claims in return for greatar labour freedoms.

Meanwhile, in Rio de Jeneiro the country's *enfant terrible*, the Governor Leonel Brizola, was also ataking out his claim to lead the opposition from the Left to the newly restored civilian governmant.

Temporarily thwarted in his embition for the crown this year, Sr Brizola is preparing the ground for another attempt—this time in direct presidential elections promised for 1988.

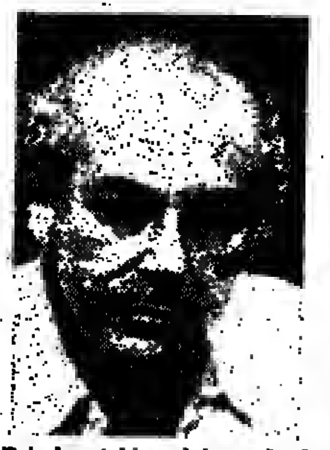
So burning is his ambition that the Rio de Janeiro Governor tried hard before the January elections to persuade President Joao Figueiredo—a lifetime political enemy — to extend his mandate by another two years so that he, Sr Brizola, would be hetter placed to take over.

His current political vehicle is the Democratic Workers' Party (PDT), an ill-assorted gronp of camp followers without any distinct ideology other than loyalty to their charismetic leader.

The party's strengths are in Rio Grande do Sul State, Sr Brizola's bome base, and, since 1982, in Rio de Jeneiro. More recently, in preparation for the widespread political realignments expected early on in the Neves Government, the PDT has been expanding its presence in Seo Paulo State as well. A strong presence in the country's major city is vital for anyone hoping to make a national showing.

The goal of the Rio de Janeiro Governor is to create and head a new Socialist Party. This wonld he an alliance of the Left-wing of the Brazilian Democratic Movement party (PMDB, the Workers' Party (PT) of Sr Luis Ignacio da Silva, the trade union leader better known as Lula, and Sr Brizola's own small band of followers.

The three Left-wing groups met discreetly in Brasilia lata last year to discuss common



Brizola: staking claim to lead opposition

action and possibly e joint front. But the meeting broke up, according to one participant, over Sr Brizola's insistence that only he could leed the movement.

The personelity of Sr Brizda apart, other major obstacles also exist to any union of the Left in Brazil.

Unless they are totally shnt out of influence in the new government—an unlikely eventuality given Sr Neves' conciliatory abilities—most of the PMDB left-wingers would rather stay within the country's largest party so as to be able to exercise pressure from the inside.

More important, the Workers' Party is in its gravest stata of crisis since its birth five years ago in the grimy ABC industrial townships.

The party was deeply split over whether or not it should boycott the "illegitimate" Presidential electoral college. And a long-brewing struggle for power, pitting Lula's more moderate leadership against ultra-Leftist party activists, emerged into the open over the issue.

Sr Soares, who along with two other PT deputies faces expulsion from the party for attending the Electoral Gollege and voting for Sr Neves in defiance of party instructions, said recently the greatest threat to the incoming Government could come from the combined efforts of a more Left-wing PT and its trades union allies in CUT.

What he and other moderate Left-wingers fear is that Brazil could follow, albeit to a lesser degree, the path taken in neighbouring Bolivia. There, the powerful COB trades union organisation has been the main impedimant to President Hernan Siles Zuazo's attempts to put Bolivia's chaotic economy in order.

Diplomatic observers of the increasingly noisy Brazillen labour scene are more sanguine about the challenge the unlons could present on a national level, although they expect much more local strife in the coming years.

They point to the existence of the rival trade union federation GONCLAT, headed by the Sao Paulo metalworkers, as a moderating and divisive force. It is probahly prepared to make a deal with Sr Neves on some vaguely worded form of social pact.

Despite the open bostility of the PT-CUT alliance to the new government—dismissed as the continuation in a new guise of the old regime—its impact is lessened by the fact thet its strength is lergely confined to Sao Paulo State.

However, the Government's first challenge from tha unions is likely to come early on. The deadline for the ABG metalworkers, traditionally the most militant in the country, to reech their annual pay settlement is April 1, two weeks after Sr Neves takes office.

On one side of a union federation keen to flex its muscles early on will he an inexperianced Government committed simultaneously to restoring real wage levels and keeping down rip-roaring inflation. On the other side will be many of the major multi-national companies based in Brazil, concerned to *preserve labour peace for* as long as possible in what is bound to be a troublesome new era.

Eximbank plans to subsidise rates

By Nancy Dunne in Washington

THE U.S. Export Import Bank, which is threatened with the loss of its direct lending authority under President Ronald Reagan's budget, plans to use $136m of its own resources to subsidise interest rates charged by commercial banks on export financing.

Speaking on Capitol Hill on Tuesday, Mr William Draper, Eximbank chairman, said the bank was willing to forgo direct lending in the interest of reducing the budget deficit. But the agency would continue to help exporters faced with those foreign competitors who benefit from lower export finance costs.

Eximbank will use its funds to reduce the cost of U.S. private-sector lending to the minimum levels established under the Organisation for Economic Co-operation and Development consensus on export finance interest rates.

Members of the Senate trade subcommittee, hearing Mr Draper's testimony, said they would oppose the abolition of Eximbank's direct lending.

Eximbank had countered foreign mixed credits from its own resources on several occasions, but could no longer afford to do that.

Managua pushes for strengthening of Contadora treaty

BY HUGH O'SHAUGHNESSY

NICARAGUA is seeking stronger guarantees for the delmilitarisation of Central America, Nicaraguan Vice-President Sergio Ramirez announced in London yesterday.

Sr Ramirez who saw Sir Geoffrey Howe, the Foreign Secretary, yesterday and who is to see Mrs Margsret Thatcher tomorrow, said Nicaregua would accept stronger provisions for the control and verification of troops and weapons in the isthmus than those contained in the regional peace treaty drafted by the four-nation Gontadora group.

Nicaragua is the only Gentral American country to have expressed its willingness to sign the Contadora treety, which has been criticised by the U.S. lor being imprecise.

While accepting the need for a strengthening of the Contadora draft treaty, Sr Remirez seid that the document should not he altered in any matter of principle. The four governments of the Contsdora gronp requested changes when they presented the draft in September.

Sr Ramirez pledged that Cuhan military advisers would be withdrawn from Niceragua immediately U.S. troops were pulled out of El Salvador and Honduras. He denied that Nicaragua had recently received military aircraft from the Soviet Union.

"Our air force today consists of two ancient T-33 aircraft which keep in the air by some miracle—despite the fact that our relations with the Vatican are not good," he said. Earlier he had criticised the Vatican's suspension from the use of their priestly functions of four Nicaraguan clerics who are memhers of the government.

Sr Ramirez said that the principal eim of his visit to Western Europe was to persuade European governments to use their influence with President Ronald Reagan of the U.S., to call off military attacks on Nicaragua

Though he called his talk with Sir George "frank and cordiel," he would not reveal whether the British Foreign Secretary had undertaken to pass on Nicaragua's preoccupations to Washington.

The Vice-President praised the decision of Western European foreign ministers to meet their Gentral American counterparts in San Jose in September and added that, at the initiative of West Germany and Italy, another meeting was being planned for May.

Figueiredo set to act over Sunamam affair

Andrew Whitley and Ann Charters on a dispute over foreign bank loans to Brazilian shipbuilders

PRESIDENT Joao Figueiredo is expected to take belated action within the next few days to ease a protracted dispute between the Brazilian Government and local and foreign bank lenders to the country's troubled shipbuilding industry.

The dispute, over responsihility for $545m (£495m) in loans to shipyards, has simmered for the past 18 months—ever since the Transport Ministry ahruptly halted all loan payments and opened an official inquiry into the privately-owned yards' accounts.

Adding scandal to an already acrimonious hattle, in recent weeks a spate of allegations of misuse or misappropriation of funds destined for a 10-year, $3.3bn shipbuilding programme have also emerged in public.

At the heart of the dispute is Sunamam, the former merchant marine authority responsible for the shipbuilding drive: the Second Naval Construction Programme.

Sunamam was broken up by the Government in mid-1983 when it ran out of funds and was unable to meet its debt service ohligations to local or foreign hanks. Last week a Government commission began investigations into "irregularities" in the federal agency's work over the past decade.

By law the commission has up to 90 days to complete its report bot Sr Cloraldino Severo, the Transport Minister, has promised results before the Figueiredo Government's mandate expires on March 15.

The "Sunamam Affair" has already caused significant losses for the 43 hanks involved in the negotiations with the Transport Ministry.

Continuing deadlock or an edverse outcoma could also have highly damaging consequences for several major Brazilian shipyards. They form part of an industry which grew rapidly in the late 1970s into one of the higgest and most modern in the Western world but is now suffering from a combination of overcapacity, thin order books and crushing deht.

To make matters worse, the wrangle threatens to prejudice Brazil's hopes of an ambitious, multi-year rescheduling programme for its $100hn foreign deht.

The Midland Bank group, which hes an exposure in Brazil of $2.1bn, said recently it would not participate in any new rescheduling arrangement until the Sunamam affair is cleared up—a position other western hanks sympathise with.

Against this hackground, the Government was reliahly reported this week to have decided to formally assume legal responsihility for those loans it has not already accepted—those guaranteed hy the former shipping anthority. Thia action will probahly take the form of a decree-law signed hy President Figueiredo, bankers say.

For the Government its impact should be to ease the pressure from the banks, angry at what one western banker involved said had been the Transport Ministry's "outrageous behaviour"

In practical terms, the decree is likely to disentangle the intertwined questions of responsibility for the debt contracted and the use—or misuse—to which the loans were put.

Local banking sources say that in this, the third round of renegotiation of Sunamam debt, the Government intends to pay hatk two-thirds of the total outstanding and roll-over the rest. Two earlier rounds covering direct loans to Sunamam itself were renegotiated in December 1983 and early last year.

With six out of the seven leading yards' books examined, the Government has been prepared up to now to assume only what it considered to be "legitimate" deht, properly incurred and utilised. Sr Severo recently declared that only $95m out of $245m examined was "legitimete." rest, it was clearly implied, would be up to the shipyards and the banks to sort out hetween themselves.

According to Sr Jose Carlos Dias de Freitas, Secretary-General of the Transport Ministry, some of the loans examined had been extended on the basis of proper authority from Sunamam under an internal regulation known as Resolution 6043. But other financial credits, he said, were based on protocols with no legal standing.

Since funds were only to have been advanced from Sunamam to the yards for ship construction, whan the vessels were sold the edvances were meant to have been repaid. But in most cases this did not happen.

In the face of the transport ministry's intransigent stance, the hanks—acting through Anbid, the Brazilian investment bank association—have adopted an equally hardline position. Not only are they insisting on full repayment of hack interest, but also on penalty paymeots and compensation for the cost of funding the unpaid interest.

Altogether this could raise the final cost of Brazilian shipyard deht still to be rolled over or renegotiated to nearer $700m.

U.S. gives first public rebuff to Pinochet

BY MARY HELEN SPOONER IN SANTIAGO

THE U.S. has announced that it will abstain from voting on e $130m (£48m) Inter-American Development Bank credit to Chile scheduled for approval today. The move is in protest against General Augusto Pinochet's decision to renew the country's state of siege for another 90 days.

The abstention will be the first time the Administration of President Ronald Reagan has publicly adopted a measure against the Pinochet regime. Until now, Mr Reagan's Government has confined its actions to diplomatic notes and carefully worded "expressions of concern" written by State Department officials in Washington.

The IADB loan, which is to be used for industrial development projects, is expected to he approved despite the U.S. abstention. Last year the bank approved five separate loans for Chile totalling nearly $300m.

U.S. representatives to the IADB sought postponement of the vote twice last month, while waiting to see whether General Pinochet would renew the state of siege.

The siege gives Chilean authorities extraordinary powers to deal with internal security threats. Since its imposition last November, the regime has ordered over 500 people into internal exile in remote parts of the country.

Confrontation in the U.S., more problems back home. Michael Thompson-Noel reports

Hawke's troubles are only just beginning

EVEN at a distance of thousands of miles, Mr Bob Hawke's ears must be burning.

After talks in Washington yesterday with Mr Caspar Weinberger, the U.S. Defence Secretary, the Australian Prime Minister will meet President Reagan and Mr George Shultz, the U.S. Secretary of State, today to explain his U-turn in deciding that Australia will not, after all, co-operate with the monitoring of American MX missile tests in the South Pacific.

Mr Hawke's backdown on the MX issue is potentially a more serious threat to defence relations between the U.S., Australia and New Zealand than Wellington's refusal to allow port facilities to U.S. nuclear armed or powered ships.

Whatever pressure Mr Hawke comes under in Washington, it looks as if it will pale into less significance than the heat he is likely to face at home.

He is caught in a horrible position between the Left-wing of his own Australian Labor Party (ALP) and the bulwark of middle-ground opinion which sees the MX backdown as a humiliating retreat for a Prime Minister who was formerly a zealous—even fawning—champion of every element of U.S. policy.

Superficially it looks as though the MX business was a no-win proposition for Mr Hawke—that he would have been damned in agreeing to co-operate in two test firings of the MX long-range missile into the Tasman Sea, and damned if he did not.

However, the view in Australia is that Mr Hawke has brought the controversy on his own head—that the fury of the Left, and now the anger of the Right, were triggered by Mr Hawke's own arrogance, insensitivity, and penchant for secrecy.

The original decision to co-operate in the MX tests was made by the Fraser Government, which lost power to Mr Hawke and Labour in March, 1983. In November 1983, the agreement was endorsed by Mr Hawke, Mr Bill Hayden, Foreign Minister, and Mr Gordon Scholes, then Defence Minister.

The matter was not discussed in full Cabinet. Indeed, it was only made fully public last Friday when Mr Kim Beazley, the new Defence Minister stated: "The Government took the view that to deny U.S. aircraft the facility to refuel in Australia, and thus to abrogate the understanding given by a previous government, would not be the act of an ally.

"Further, at a time when we were pressing for a resumption of U.S.-Soviet arms control negotiations, to have denied the assistance sought would not have advanced that position."

One of Mr Hawke's mistakes was in not taking the issue to Cabinet, and in ignoring the ALP'S parliamentary caucus, an example of high-handedness that infuriated a cross-section of ALP and trades union opinion

These are that Mr Hawke's grasp of foreign policy is "elemental," that his notorious vanity and penchant for strutting the international stage was undermining the subtlety and success of Mr Hayden's own foreign policy handling and approach; and that Mr Hawke has once again exhibited a peculiar knack for stirring up his own Left-wing, which can be mollified, for fairly long stretches at a time, by the odd pat or bone, but will not be ignored.

The extent of the mutiny confronting Mr Hawke became clear earlier this week when Mr Hawke signalled not only a change of mind on MX tests, but his sudden readiness to tell President Reagan that Australia opposed his Star Wars strategy, and supported comprehensive test ban treaty.

However, Mr Hawke is now walking into an even worse domestic storm—a blitz of criticism that his climbdown on the MX missile tests could further damage the Australia, New Zealand, U.S. treaty (Anzus) and that he is jeopardising Australia's defences.

One newspaper said yesterday: "If the ALP comes out of the present argument leaving most Australians convinced that it is ready to leave this country defenceless, it could rule itself out of office for years . . ."

Another added: "To change a Government decision on a matter like this in the space of about a week will suggest to Washington that our fidelity is sometimes undermined by opportunism.

Crucially, the MX controversy has exposed serious weaknesses inherent in Labor's foreign policy, as orchestrated by Mr Hawke, which has sought continuing Australian shelter under the U.S. nuclear umbrella while at the same time professing an independent line on disarmament as a sop to growing power of the anti-nuclear movement in Australia.

Mr Hawke and his Right-wing Cabinet have tried to be all things to all men, and have failed spectacularly.

Mr Malcolm Fraser, the former Liberal-National Party Prime Minister, *said yesterday*: "Now that consensus has been abandoned within the Australian Labor Party, the Left will continue to press its views until Mr Hawke modifies his, or is replaced."

Mr Hawke (right) being greeted in Washington.

New Zealand takes the threat of U.S. trade retaliation seriously

BY DAI HAYWARD IN WELLINGTON

CONCERN MOUNTED in New Zealand yesterday that the U.S. might make good its threat of trade reprisals in retaliation for Wellington's ban on U.S. nuclear warships from using the country's ports.

While the U.S. threat is officially still only a vague suggestion, the New Zealand Cabinet had been warned by Trade Minister Michael Moore—ahead of its decision on Tuesday to reject the Americans' latest request to use New Zealand ports — that possible reprisals could extend beyond the military area and hurt New Zealand exports.

The Government was prepared for the U.S. to cut the flow of military intelligence and remove New Zealand's right to buy defence equipment at special low prices. Both Prime Minister David Lange and Defence Minister Frank O'Flynn said as much.

Although Mr Lange describes the U.S. threat as "bluster and bullying," concern continues to grow that the U.S. might hit back forceably by making New Zealand an example to other countries which might be encouraged to adopt *blanket* anti-nuclear policies. Officials in Wellington see the international dairy market as the area in which the U.S. could do serious harm with very little effort on its own. More than a fifth of New Zealand's export earnings come from the sale of dairy products.

Mr Lange: 'bluster and bullying'

While Wellington is still obviously hoping that, because heavy-handed retaliation against one of the world's smaller nations could damage America's reputation, the Reagan Administration will stop short of carrying out any trade reprisals, several areas in which the U.S. could hit at New Zealand have been pinpointed. These include:

● Withdrawal of Administration opposition in Congress to legislation trying to restrict agricultural imports into the U.S. In the past the Administration has fought hard to protect New Zealand from efforts to impose agricultural quotas or restrictions.

● Withdrawing support for New Zealand butter sales in third countries. When America sold large quantities of butter to countries where New Zealand also already had a market the U.S. insisted a quantity also be bought from New Zealand. It did this with Iraq late last year resulting in Iraq buying several thousand tonnes of New Zealand butter.

● The U.S. is New Zealand's biggest beef market. The U.S. could easily reduce the quota of beef imported from New Zealand replacing it from other suppliers.

● Dumping butter on the world market at below the world minimum price. The U.S. has already given notice it is pulling out of the Gatt dairy price agreement. Just a few thousand tonnes of American surplus butter dumped on to markets supplied by New Zealand could in effect wreck New Zealand sales.

● The U.S. could use its influence in Europe or Japan to encourage reductions in purchases of dairy products and Lamb or, particularly in the case of Japan, to resist New Zealand efforts to have import restrictions eased.

INDIAN SPY CASE

Soviet diplomat 'to leave Delhi'

BY JOHN ELLIOTT IN NEW DELHI

A DIPLOMAT in the Soviet embassy in New Delhi is reported to have been withdrawn to Moscow because he was involved in India's spy scandal which is already believed to have included diplomats from France, Poland and East Germany.

For the second day running, a spokesman for the Indian Ministry of External Affairs refused to deny newspaper reports about the East European countries' diplomats and repeated that "investigations are continuing along with appropriate action."

India has close and warm links with the Soviet Union which it regards as an easier friend than the U.S. This relationship could be harmed if *Moscow's involvement stretched* to general espionage, although there is little evidence of India's more distant relationship with the U.S. having been harmed by the uncovering in India a year ago of a U.S.-linked spy ring.

The impact of the Soviet involvement would be less serious if the spying and purchase of government documents only related to commercial information about arms and other contracts for which it competes with the West.

There was, however, no sign yesterday of the Indian Government wanting to upset diplomatic relationships with the countries involved at this stage of its investigations, beyond calling for the removal of diplomats involved.

Mr Rajiv Gandhi, who completes his first 100 days today *as Prime Minister, is carefully* avoiding escalating the affair. He is expected to visit the Soviet Union and France as well as the U.S. this summer and Gen Wojciech Jaruzelski, the Prime Minister of Poland, is scheduled to arrive in India next Monday.

However, evidence is reported to be building up of East European involvement as a result of confessions made by eight of 15 people arrested so far.

A former office assistant in the Commerce Ministry was reported yesterday to have confessed that he had been passing government secrets to two Indian businessmen who are among 15 people already arrested with trading links with East European countries. He said he had been working for 12 years with the spy ring's main businessman, Mr Coomar Narain *who has confessed he had been* active for 25 years.

HK may end juries for commercial trials

By David Dodwell in Hong Kong

THE HONG KONG Government is proposing to dispense with juries in court cases involving complex commercial issues. Instead, such cases will be heard by a judge assisted by two assessors.

A Bill setting out the proposed changes — which aroused controversy when they were first mooted in autumn last year—will be published before the end of February, Mr Jim Findlay, Hong Kong's Solicitor General, said yesterday. The Government is expecting lengthy public debate, as a *result of which* the Bill is unlikely to become law until summer.

While the Government has refused to admit as much publicly, the reforms have been drafted with the Carrian case in mind. Carrian Holdings collapsed late in 1983 with debts estimated to exceed HK$10bn (£1.15bn). Mr George Tan, Carrian's chairman, and four associates have since been charged with conspiracy to defraud shareholders.

Committal proceedings against the five men began in October last year, and are expected to continue for some time yet. If they are committed for trial, the case could be brought to court later this year. The case against the men is extremely complex, and government prosecutors fear that a jury drawn from the general public will have difficulty in understanding its technical aspects.

In Britain at the moment, the Roskill Committee is considering similar changes for dealing more effectively with complex commercial crime. It is not known how long it will take to report.

"The Carrian case is not the purpose of the Bill," Mr Findlay said. "It is the Carrian-type of case that we are aiming at. We are not abolishing the jury—we see this as a new kind of jury." He noted that the decision on whether a case was "commercially complex" or not would rest with Hong Kong's Chief Justice.

Thailand to privatise state companies

THE Thai Government has passed a resolution to privatise Thai state enterprises as part of its effort to bail the country out of economic difficulties, Boonsong K'Thana reports from Bangkok.

The Council of Economic Ministers on Monday approved a 24-point package of measures which envisages that certain numbers of the State companies would be privatised partially or entirely or dissolved, for "national survival."

Ministers under whose portfolio the state companies fell are instructed to report to the Finance Ministry within two months which agencies should be sold off.

Twelve of Thailand's state enterprises have reported losses recently, notably the Bangkok Mass Transit Authority, which operates Bangkok's bus service, and the State Railway

Canadian aid deal

ZIMBABWE and Canada signed agreements on Monday, on the terms on which Canada will donate 20,000 tons of wheat as drought relief and provide the country's private sector with soft loans to buy Canadian goods, Jim Jones reports from Johannesburg.

Attacks on troops 'will not halt Israeli withdrawal'

BY DAVID LENNON IN TEL AVIV

THE ESCALATION of attacks on the Israeli forces in Lebanon in recent weeks will not deflect the Government from carrying out the pull-back from the Sidon region, Mr Shimon Peres, the Israeli Prime Minister, said yesterday while on a visit to Southern Lebanon.

At the same time he criticised the Lebanese Government for refusing to co-ordinate the transfer of the evacuated area from Israeli to Lebanese Government control.

Israel will withdraw from a 500 sq km area stretching from Sidon to the Litani River on February 18. The Government has approved in principle a total withdrawal in two additional stages.

Israeli forces rounded up dozens of suspects in the Shi'ite village of Maarake near Tyre in the wake of Tuesday's suicide car bomb attack on an Israeli military convoy in which 10 soldiers were wounded.

Meanwhile, the unrest on the occupied West Bank which escalated in the past week continued yesterday with Palestinians stoning passing Israeli vehicles near three refugee camps. The El Amari refugee camp beside Ramallah was put under curfew after four stone-throwing attacks.

At the Dehiashe camp beside Bethlehem which has been a focal point of unrest in recent days there was again a clash between the refugees and Jewish settlers who are picketing the camp in protest against earlier stone-throwing incidents.

Mr Yitzhak Rabin, the Defence Minister, who toured the West Bank trouble spots yesterday, said that the Government's policy is to wage "an all-out war against terrorism and its agents." He did not rule out the possibility that this could include expulsion of Palestinians from the West Bank.

● The Palestine Liberation Organisation (PLO) warned today that Palestinian refugees in Lebanon were under new threats of massacre and said it held the international community responsible for their safety. **Reuter reports from Tunis.**

The PLO news agency Wafa said the guerrilla body's executive committee under its chairman, Mr Yasser Arafat, discussed in Tunis last night "the serious threats to Palestinian refugee camps in Beirut and [illegible] Lebanon by the Zionist enemy, its agents and other parties."

Neighbours doubt South Africa's good faith

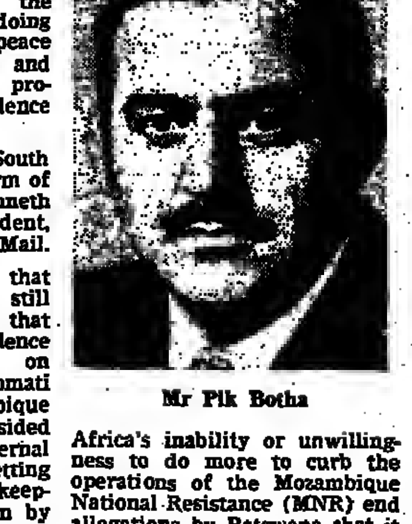
BY ANTHONY ROBINSON IN JOHANNESBURG

SOUTH AFRICA is coming under increasing pressure from its black neighbours who are accusing Mr Pik Botha, the Foreign Minister, of not doing enough to help restore peace and stability in Angola and Mozambique or make any progress towards the independence of Namibia.

The latest attack on South Africa has come in the form of an interview with Mr Kenneth Kaunda, the Zambian President, carried by the Rand Daily Mail.

President Kaunda noted that South African troops were still inside Angolan territory, that the Namibian independence "nothing has moved" on question and that the Nkomati agreement with Mozambique had proved to be "a one sided agreement" as the internal security situation was getting worse despite Mozambique keeping its side of the bargain by stopping the African National Congress (ANC) operating from its soil.

The latest criticism from President Kaunda follows repeated complaints from Mozambique about South Africa's inability or unwillingness to do more to curb the operations of the Mozambique National Resistance (MNR) and allegations by Botswana that it risked an invasion by troops from South Africa. Such threatened military action would be aimed at stopping what South Africa has claimed is increased infiltration by ANC terrorists into South Africa through Botswanan territory.



Mr Pik Botha

At a press conference in Cape Town Mr Botha answered the complaints in typically aggressive style. Far from accepting blame for lack of progress in Angola and Namibia he accused the Angolan Government of President Eduardo Dos Santos of actively supporting the violent overthrow of the South African Government by harbouring thousand of ANC guerrillas and supporting the South West African Peoples Organisation (Swapo) in its attacks against South Africa.

He also rejected President Dos Santo's claim that the rebel Unita movement headed by Dr Jonas Savimbi was in effect an "integral part" of the South African defence force. He defended Unita as a legitimate member of the original tri-partite coalition which had accepted independence from Portugal in 1973 and was subsequently removed from power with the aid of Soviet and Cuban forces. Since then the Angolan Government had not held elections but had sought to impose an alien ideology on the Angolan people which was the real cause of the tragic state into which Angola had declined, he said.

As for the situation in Mozambique, Mr Botha repeated that it was no longer giving aid to the MNR and revealed that South Africa was still trying to act as a go-between to [illegible] about a ceasefire. He revealed that MNR spokesman [illegible] Fernandes and Mr Manuel Bulbosa, the wealthy 82-year-old Brazil-based former investor in pre-independence Mozambique who is believed to be one of the principal external supporters of the MNR, had come to Pretoria for talks last month. But the demands which they had made to bring about a cease-fire were so extravagant that he had not even passed them on to President Samora Machel, he said.

● Angolan troops have killed 200 anti-government Unita guerrillas and captured 10 in the central Huambo province this year, the official Angolan news agency ANGOP said today, **Reuter reports from Lisbon.** It said 55 other Unita rebels were killed and two captured in Benguela province late last month.

Britain alarmed at rising protectionist tide in Congress

BY CHRISTIAN TYLER, TRADE EDITOR

THE BRITISH Government is becoming seriously alarmed by the rising tida of protectionist sentiment in the U.S. Congress.

Ministers and officials believe the best defence against what they see as a new isolationist mood in the U.S. will be to get international trade negotiations launched before the end of the year.

In this, they are fully behind the U.S. Administration, which is perceived as genuinely determined to resist the protectionist tide and maintain the world's open trading system.

A series of informal or privata meetings of trade Ministers in the coming months could belp construct an outline negotiating agenda.

The hope is that the 90-member nations of the General Agreement on Tariffs and Trade will call a special meeting at the highest official level hy the autumn at the latest, with a Ministerial Gatt meeting to start the negotiations off next spring.

The big stumbling block is the reluctance of many developing countries to negotiate special rules for trade in services and high technology that the U.S. wants on the Gatt agenda.

According to Whitehall officials the U.S. has not helped its case by taking what is seen in London as an aggressive and tactless line.

Nonetheless, the outline of a possible trade-off between rich and poor nations is said to be gradually emerging.

It would mean the rich nations further opening their markets to goods such as textiles and agricultural produce in return for better access for their invisible exports such as banking and insurance.

Negotiations for liberalising trade in agriculture could, it is argued, be belped by the U.S. Administration's decision to wind down its expensive farm support system.

The U.S. has warned tbe EEC that it expects reciprocal action on European agricultural export subsidies, Incidentally reviving fears of a farm trade war lf this latest U.S. pressure is resisted.

As for textiles, there is a timing problem. The Multifibre Arrangement that controls much of the international trade is dua to be renegotiated before the middle of next year, by which time a Gatt round would scarcely have begaun.

Britain, along with America's other main trading partners, has profited from the big U.S. trade deficit and the persistent strength of the dollar. But tha fear in London is that tha Administration will be hard put to it to resist demands for protection hy U.S. industries suffering most from import penetration.

The U.S. Treasury's argument that the dollar will stay strong against European currencies so long as Europe's industrial performance lags behind is both challenged and resented.

UK-Japan group clears way for more talks

By Jurek Martin in Tokyo

BRITAIN and Japan might be ahle to work together for "a progressive adjustment in American economic policy," a high-level Anglo-Japanese study group meting here said yesterday.

The newly-formed group was exploring the scope for international monetary reform and issuea of global security as well as numerous trade issues that affect bllateral relations.

In a joint statement at the end of three days of talks, the two sides claimed that the meeting had succeeded in clearing up many mutual mlsconceptions.

The British team, known as the 2000 Group, was headed by Mr James Prior, the former Conservative Cabinet Minister and now chairman of GEC, and Sir Terence Beckett, head of *the Confederation of Britisb* Industry.

The two sides agreed to launch studies on a range of suhjects including the impact of technological cbange on industry and employment, whicb would be taken up when they meet in London next year.

The Japanese team bas reported to Prime Minister Yasuhiro Nakasona and the Britsh group is to report to Prime Miniater Margaret Thatcher.

Chris Sherwell looks ahead to tomorrow's U.S.-Asean trade talks

Textiles a burning issue for Brock

ATTEMPTS BY the U.S. textile industry to limit imports from South-east Asia are expected to be the stickiest problem facing Mr William Brock, the U.S. Trade Representative, when he meets economic ministers from the six-member Association of South-east Asian Nations (Asean) in Kuala Lumpur tomorrow.

The Ministers—from Indonesia, Thailand, Malaysia, Singapore, the Philippines and Brunei—are holding one of their own regular meetings to discuss further economic and trade co-operation.

But the suhject of access to markets abroad is almost certain to dominate discussion.

Mr Brock has previously proposed the idea of a reciprocal trading arrangement between the U.S. and Asean, and this notion, though two years old now, remains alive lf still somewhat vague.

Mr Brock is also seeking support from devaloping countries, *including Asean*, for a new round of multilateral trade negotiations.

The hottest specific issua confronting hlm, bowever, concerns textile exports to the U.S.

Last July, all the Asean countries except Brunei were the subject of petitions by the American Textile Manufacturers' Institute, the Amalgamated Clothing and Textile Workers Union and the International Ladies Garment Union.

The petitions claimed that these countries, along with others such as Sri Lanka, Turkey and Argentina, unfairly subsidised their textile and garment exports to the U.S.

These items will be subject to countervailing duties to offset the impact of the subsidies if the charges are found to be true.

The petitions are just one strand of the U.S. textile industry's determined efforts to limit all foreign imports.

In its campaign, it bas the support of powerful interests in Congress and from President Ronald Reagan, whose commitment at the start of his presidency to prevent import growth exceeding the rise in domestic consumption has been overtaken hy events.

Thus, apart from continuing hilateral negotiations on quotas for specific items with various countries, including those of Asean, the U.S. has tightened country-of-origin definitions—a move which has upset producers such as Hong Kong and Taiwan more than Singapore—and followed up the industry's complaints about subsidies.

Because the country-of-origin question was directed at major exporters to the U.S., it has attracted more attention than the complaints over subsidies, which were mostly directed at smaller exporters.

Asean textile exports to the U.S., for example, are only 2-3 per cent of the total, with Indonesia the dominant supplier.

U.S. COMMERCE DEPARTMENT PRELIMINARY FINDINGS TEXTILE SUBSIDIES (ASEAN)
(subsidias as % of goods' value)

Country	Textiles %	Apparel %
Singapore	0.02	0.07
Malaysia	—	0.57
Indonesia	0.8	0.6
Philippines	1.47	1.04
Thailand	6.01	2.08
Argentina	22	22

Source: U.S. Government

In the case of Asean, the preliminary findings of the U.S. Commerce Department on the question of subsidies have already been announced (see table), and puhlic hearings on these sre due to be held ln Washington in the coming fortnight. Final determinations are to be announced by March.

The preliminary findlngs suggest that the biggest subsidies ln Asean on hoth fahric and garments are offered by Thailand, while those in Singapore appear to be so insignificantl as not to warrant avhM cant as not to warrant the imposition *of* countervailing duties.

Because its alleged subsidies —or "contervailable benefits," as they are known—are so close to the cut-off polnt of 0.5 per cent, Malaysia will be hoping that the final determination will he in its favour.

Indonesia, whose exports to the U.S. have abown by far the most rapid rise over the past year and is in the middle of protracted quota talks, is in a less comfortabla position.

Tballand, meanwhile, is understood to be seeking a "suspension agreement" with the U.S. in respect of fahric, under which it agrees to eliminate or offset the benefits it offers.

Thai garment exporters, on the other hand, apparently want to fight the imposition of duties on apparel.

One option open to Asean countries which ultimately face the prospect of countervailtng duties imposed by the U.S. will he pre-emptively to impose thelr own export duties instead —an alternative previously followad hy Singapore in a separate case involving refrigerator compressors.

What is certaln, however, is that the whole affair has upset the Asean states, which see the moves as incoosistent with the Multi-Fihre Arrangement, which regulates the international textila trade, and contrary to bilateral agreements.

This makes Mr Brock's task especially difficult, since Asean feathers have been ruffled by previous instances of alleged U.S. protectionism, and the six countries remain an lmportant U.S. ally in a strategic and resource-rich region.

GEC Meters wins £4.5m Nigeria contract

GEC Meters has secured a contract valued at £4.5m from the National Electric Power *Authority of Nigeria for the* supply of single-phase electricity meters over a 15-month period commencing this month, onr trade staff writes.

The contract award resulted from an international tender involving 19 manufacturers from 16 countries.

An important facet of the order, in what has become one of the most difficult developing world markets, is a commitment to set up a local manufacturing plant in Nigeria to supply the power anthority from a local source.

Local manufacturing facilities will be established ln conjunction with Avery-Nigeria, GEC Meters' associate company in Nigeria.

● The Federation of British Manufacturers' Associations, and the British Overseas Trade Board have organised a two-centre trade mission to Nigeria during March/April this year. A total of nine UK companies are taking part in the mission which will visit Lagos and Kano over a two-week period. The mission takes place at the same time as the Electrical Installation Equipment Manufacturers' Association seminars which will also be in Lagos and Kano.

Smith's Dock gains £32m order for cargo ships

BY RICHARD TOMKINS

SMITH'S DOCK, the Middlesbrough, Teesside, merchant shipbuilding subsidiary of the atate-owned British Shipbuilders, has won a £32m ordar to supply four cargo ships for use by Cuba.

The vessels hava heen ordered by four Cyprus-based companies—South Island Shipping, West Island Shipping, East Island Shipping and North Island Shipping—but will be chartered to Cuba. They are expected to be used for general world-wide trading.

The ships will be of British Shiphuilders' SD King 15 class, a design based on th eworld's best-selling vessel, and will weigh 15,150 deadweight tonnes. They are for delivery during next year, with the last one due in December.

They will he similar to two other vessels, Lilac Islands and Lotus Islands, huilt by Smith's Dock in 1982 and 1983 respectively and subsequently operated by Cuhan interests.

The orders come as a significant boost for Middleshrough which is one of north-east England's biggest unamployment hisck spots with a male unemployment rate of 30.1 per cent.

Smith's Dock, wbose workforce has shrunk from 2,200 to 1,500 in the past two years, iocurred a loss of £1.18m in the year to last March against a profit of £106,000 the year before.

The order will also benefit Clark Kincaid, a Tyneside and Clydeside-based subsidiary of British Shiphuilders, which will supply Sulzer diesel engines for the ships.

...Laura Raun *in Amsterdam* adds: Dutch Shiphuilders' export orders rebounded 14 per to to Fl 400 (£100m) at the end of 1984 from Fl 350m a year earlier, reversing the general downward trend of recent years.

The proportion of exports to the order portfolio also grew to 31 per cent in 1984 from 24 per cent the previous year, providing a glimmer of optimism in an otherwise lacklustre year for the industry.

However, the total value of orders, including domestic sales, fell 15 per cent to Fl 1.25bn last year from Fl 1.43hn in 1983.

Howden sets up in California

BY MAURICE SAMUELSON

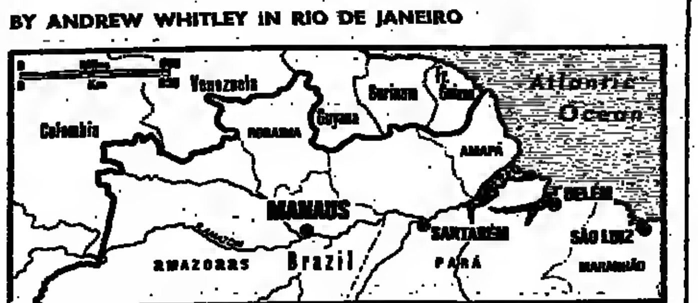
JAMES HOWDEN, part of the Glasgow-based Howden Group, bas set up a Californian subsidiary to booat its sales of wind-powered turbine generators on the West Coast of the U.S.

The generators are erected in clusters in "windparks" and supplement the flow of electricity from conventional power atations.

James Howden has already installed ten 31-metre-diameter wind turbines east of San Francisco, each with an output of 330 kilowatts. They are a development of the Howden wind turbine installed by the North of Scotland Hydro-Electric Board on Orkney two years ago.

Japanese groups breathe new life into Manaus

BY ANDREW WHITLEY IN RIO DE JANEIRO



JAPANESE COMPANIES, with products ranging from motorbikes to electronic equipment, are hreathing new life lnto the Amazon River city of Manaus, the one-time capital of the world'a ruhber trade.

Leading the way is Moto Honda da *Amazonia*, the majority-owned subsidiary of the Japanese parent, which recently disclosed plans to start exporting motorbikes from its Manaus assembly plant to West Germany and tha UK.

Its targeted export levels thia year are 1,000 units to the British market of its 125 cc and 450 cc motorbikes, with up to 3,000 units destined for West Germany.

This will be a far cry from the city's turn-of-the-century boom era when its one export was ruhber.

The addition of the UK and West German markets will amplify Honda's hudding export trade to the U.S. and Canada which got under way last year.

The city's key incentive is its free trade zone, a thriving, tax-free electronics and consumer-durables-based industrial assembly slte.

Honda's build-up of activities in Manaus coincides with that of its major rival, Yamaha, and the export comes against a background of a decline in domestic sales.

Moto Honda sold 132,000 hikes in Brazil last year- down from 174,000 the year hefore.

Other well-established Japanese companies in Manaus are Sharp, Sanyo and Toshiba.

One of the most significant developments for Manaus in recent years was the decision by Gradiente, the Sao Paulo-based hi-fi manufacturer, to take over the old Garrard production line and name from Britain, and transfer output to the zone.

Whether this presages an industrial hoom to rival the era of the ruhber barons remains to he seen. But the revived fortunes of Manaus have prompted officials to step up plans to bring the Royal Opera Company from Covent Garden *next year to perform* at the city'a elaborate opera house built at the turn of the century.

UK NEWS

Spending cuts 'likely to delay' large defence programmes

BY BRIDGET BLOOM, DEFENCE CORRESPONDENT

BRITAIN'S decision to cut defence spending in real terms after 1985–86 seems certain to result in delays to its large equipment programmes, Field Marshal Sir Edwin Bramall told the House of Commons Defence Committee yesterday.

Sir Edwin, who is Chief of the Defence Staff, said the defence programme might be cut by as much as 7 per cent in real terms from the high level achieved in 1983–84 after the Falklands war, when defence spending increased by a real 3 per cent a year.

In his experience the actual cash available to spend year by year was usually less than that initially projected in the Government's plans.

It was, therefore, probable that the targets set in the recent public expenditure White Paper (policy document) which envisaged no real growth in the defence budget after 1985–86, would not be met and that the defence budget would actually decline in real terms.

That might have serious consequences, making the defence programme difficult to manage, Sir Edwin said. In reply to a question from Dr John Gilbert, deputy chairman of the committee, Sir Edwin said, however, that he would much prefer that any cuts should be made by "salami slicing" rather than by surgery that resulted in the loss of whole defence capabilities.

The amount of pressure on the budget, and thus the extent of any squeeze, would depend on several factors, including whether the defence budget had to continue to bear increases in service pay over and above the planned-for rates of inflation.

Such rises might amount to £100m to £150m on the budget next year. Sir Edwin agreed that the maximum strain on the defence budget would occur from 1987 when peak spending on Trident would coincide with other large equipment programmes.

Thomson sells news magazine for £1.4m

BY SUE CAMERON

ILLUSTRATED LONDON News – the monthly magazine started in 1842 and one of the oldest magazines in continuous publication – has beeo sold by International Thomson Publishing to a consortium for £1.4m.

The buyers are a partnership headed by Mr James Sherwood, a U.S. citizen who is president of the Bermuda-based Sea Containers. The other two partners are Mr Munroe Pofcher, a U.S. publishing broker (10 per cent interest) and a new publishing offshoot of Sea Containers which has still to be formally established.

Mr Sherwood and Mr Pofcher plan to make a heavy investment of their own money in the magazine. Mr Sherwood said yesterday that Illustrated London News was already "solidly profitable," with annual revenues slightly higher than the £1.4m purchase price.

Short-term plans are to boost the magazine's circulation from its present 60,000 a month to 100,000 "within a year or two." The magazine had been in the continuous ownership of the founding Ingram family when it was purchased by Thomson in 1961.

Thomson changed from weekly to monthly publication in 1971 because it said television had reduced demand for pictorial coverage of news.

In the last century, writers such as Thomas Hardy, Rudyard Kipling and R. L. Stevenson were regular contributors to the magazine. During the Crimean war it joined The Times in becoming the first publication to send correspondents into battle with an army.

In the early part of this century its use of large sepia photographs helped to make it one of the world's best-known news and arts magazines.

BL slips to third in sales table

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

EFFORTS by Austin Rover to stem a slide in car sales gave the BL subsidiary its best January performance since 1979. But it was not good enough to prevent it from being overtaken by General Motors, the Vauxhall-Opel group, and pushed into third place in the manufacturers' league table.

Ford retained market leadership but with a greatly reduced share and volume compared with January 1984. Ford was feeling the after-effects of a strike by sewing machinists at the end of 1984, which cost production of more than 40,000 cars and left it short of some popular models.

The implication is clear: in present circumstances GM is better able to take advantage of any weakness exhibited by Ford than is Austin Rover.

GM's result is even more worrying for Austin Rover because in January last year the U.S. group launched a "fast start" campaign, offering attractive incentives to dealers and their salesmen to sell as many cars as possible in the early months of 1984.

So far this year, GM's incentive campaign has been relatively modest. However, there is probably some hang-over in orders from the end of last year, when the company was short of cars because of the West German metalworkers' strike. Many of the cars and components it sells in the UK come from its sister company, Opel, in Germany.

GM benefited last month, too, from some large fleet orders for the Vauxhall Cavalier. The group still has not caught up with demand for the new Astra – teething troubles at the Ellesmere Port plant on Merseyside where it is produced held back scheduled output last year – and there is an order bank of 40,000.

Ford had its worst month in market share terms since January 1979. That month also followed a serious dispute at the UK factories. The company gave a two-week warning of a price rise, publicised with full-page advertising, to stimulate sales halfway through January, but still suffered a 17 per cent drop in volume compared with January 1984. Against that, GM saw an 8 per cent volume increase, as did Austin Rover.

Peugeot-Talbot, the other UK-based manufacturer, had a worse month than Ford in January and its volume slumped by 33 per cent. Nissan, preparing itself for UK assembly of cars, suffered a 26 per cent drop in volume compared with January last year.

Scottish agency to start trust

By Mark Meredith

THE SCOTTISH Development Agency (SDA) plans to launch a privately funded offshore unit trust for venture capital investment in U.S. high-technology companies.

The investments will be designed to encourage expanding U.S. companies, which are seeking a European base, to choose Scotland.

The fund – Scottish American Venture Enterprise (Save) – is expected to raise between $10m and $25m, mostly from Scottish and UK pension funds, insurance companies, investment and unit trusts. It may be registered in Bermuda.

The SDA, which is financed by a government grant, will not invest but will have membership on the board of Save. The agency's investment team will manage the fund, which will spread investments among six or seven venture capital funds in the U.S.

Mr Ian MacGregor, chairman of the National Coal Board and partner in Lazard Freres merchant bank in New York, is to be president of Save's management team.

The agency broke new ground in attracting foreign companies two years ago when it took a $1m stake in IMP, a Californian electronics company, to promote expansion into Scotland. IMP has since carried out some preliminary preparations for setting up a Scottish branch.

Inward investment has been a key element in the growth of the electronics industry in Scotland, which employs about 40,000 people

Ireland's budget tries to keep shoppers south of the border

BRENDAN KEENAN reports on the republic's measures to stem a flow of bargain-seekers to the North

THE IRISH budget last week was studied with almost as much interest in Northern Ireland as it was in the republic.

The prosperity of towns along the border, such as Newry, Enniskillen and Londonderry, now depends a great deal on the actions of Mr Alan Dukes, the Irish Finance Minister.

Mr Dukes has decided to put the south's prosperity first. Much of his budget, particularly the abolition of the top value added tax (VAT) rate of 35 per cent, was intended to curb the flood of shoppers to Northern Ireland – as well as the substantial amount of illegal smuggling.

Trade has always been active along the Irish border, much of it illicit and going in different directions at different periods. Local residents point out the substantial houses built on smugglers' profits in the past. The second world war provided a bonanza for those who could send butter, eggs and spirits to rationed Northern Ireland.

The arrival of the EEC Common Agricultural Policy meant undreamt-of opportunities. Local farmers and dealers took to the "carousel," whereby animals could be moved back and forth across the border, collecting subsidies on each trip. Folklore has it that some pigs had been across so often they could find their own way home.

The past three years have seen a new phenomenon. The republic's Government, struggling with mounting deficits, imposed increasingly heavy indirect taxes, resulting in wide variations to prices either side of the border. Southerners who had not been north since the Ulster troubles started in 1970 began to nip across to border towns for cheap drink or electrical goods. Word soon spread about the bargains and the trickle became a flood.

It is estimated that southern shoppers spent almost £250m ((I£282m) last year in Northern Ireland with a loss to the Irish Exchequer of at least I£60m. Business in Ulster responded to the demand. The railways laid on special trains, coach operators offered all-in packages and large Belfast stores opened currency exchange booths.

One Saturday before Christmas, customs officers counted 3,370 cars, 110 coaches and 105 minibuses crossing the border between 9am and 1pm. Belfast's Central Station resembled the mustering point of an invading army as thousands of women, each pushing a wheeled trolley, disembarked from the Dublin express. Representatives of retail interests in the republic grew increasingly frantic as they called on the Government to act.

Mr Dukes's first response was to cut the doty on a bottle of spirits – where smuggling had become big business with alleged paramilitary involvement – by I£1.75 a bottle. In last week's budget he concentrated on electrical goods and items such as household detergents, which are the shoppers' favourite bargains.

In Newry, they anxiously did their calculations as the budget details were published. Local traders, who took £15m in the pre-Christmas rush, believe they deserved their good fortune after years of recession, and the attentions of a group of IRA bombers. They seem happy that Mr Dukes's measures will have little effect, a view shared by the large stores in Belfast, which have captured a growing proportion of the business.

Apart from anything else, the southern shoppers, having conquered their fear of crossing the border, appear to be enjoying the experience.

Even Mr Dukes does not contend that his concessions will stop the trade. Nor has he fallen for the argument that tax cuts could be self-financing. He estimates that VAT receipts will fall by I£9m because of the budget cuts, even allowing for some increase in spending in the republic.

The cross-border traffic imposes a new constraint on the actions of Dublin finance ministers. Personal taxes in the republic are among the highest in Europe and there is now a limit on the imposition of indirect taxes as well. Economists would say that that is all to the good and that Mr Dukes should concentrate on spending cuts, although few are prepared to say exactly where the cuts should be made.

As for the border, even the most ardently nationalistic taxpayer has to admit that its existence has probably spared him no end of pain.

Electricians' action led to Austin damages case

BY PHILIP BASSETT, LABOUR CORRESPONDENT

LEGAL ACTION by the electricians' union EETPU against Austin Rover, BL's volume car subsidiary, led directly to the state-owned company's bringing cases for damages of up to £250,000 each against eight trade unions – including the EETPU itself.

Austin Rover's decision after a pay strike to press for damages against the eight unions arose out of the provisions of the Government's 1984 Trade Union Act, which require a secret ballot before an official strike.

The legal action led to anger and surprise from the unions concerned. Mr Moss Evans, the transport workers' general secretary, described the company's claim as "unjustifiable."

The disclosure that action by the Electrical, Electronic, Telecommunication and Plumbing Union was in large part responsible for the company's decision will infuriate the unions still further – mollified only by the fact that the EETPU also faces the damages claim.

That outcome of the Austin Rover strike last year is likely to mark a further division between the EETPU and much of the rest of the trade union movement, after such instances as its outspoken opposition to the miners' strike, its short-lived attempt to join the Confederation of British Industry and its signing of controversial so-called "no-strike" deals.

After Austin Rover's decision to take the EETPU to court over the strike – even though the electricians' union had ordered a ballot of its members and eventually instructed them to return to work – the EETPU executive decided to press a claim against the company for the union's own legal costs.

Annoyed by that – even though the amount, not yet finalised by the EETPU's lawyers, was small – Austin Rover decided to seek damages in return.

Since the EETPU had done most to comply with the law, the company apparently felt it could not act against the electricians alone and so brought the action against all eight unions, including those of the transport, engineering, construction and general workers.

Leaders of the EETPU now accept that the union's claim may well have been a principal factor in Austin Rover's bringing its case. They are still determined to press ahead with their own action.

An alternative explanation circulating within the union and the company is that Austin Rover brought the action for damages against the unions because of direct pressure from the EETPU for it to do so.

Austin Rover said only that the case was proceeding.

Lawson pledge on pay and jobs

By Max Wilkinson, Economics Correspondent

MR NIGEL LAWSON, Chancellor of the Exchequer, yesterday pledged that he would not allow any slowing down of wage settlements to reduce economic activity.

He was speaking in the National Economic Development Council in a debate with representatives of industry and the trade unions on the Treasury's latest stidy on the relationship between pay and jobs.

The Treasury believes that every 1 percentage point cut in real earnings compared with what they would otherwise have been might produce an extra 150,000 new jobs after about three to four years.

Some critics of the Treasury's work on the subject have suggested that lower wage settlements would reduce overall spending power in the economy and so depress economic activity.

In answer to questions yesterday, the Chancellor said: "There is no way in which the Government would allow a deceleration of pay rises to lead to an inadequacy of demand."

The clear implication is that he would allow interest rates to fall and perhaps introduce some tax cuts to maintain the growth of the economy in money terms at the same pace it would otherwise have maintained.

The main benefit of slower wage increases would then come through into lower inflation and higher national output in real terms.

Simulations on the Treasury's economic model of the economy have suggested that slower wage growth would automatically lead to higher output, provided the Government did not change its objective for the growth of the money supply.

HESELTINE ATTACKED OVER MIDNIGHT RAID TO REMOVE MISSILE PROTESTERS

Peace camp cleared by troops

BY ANDREW TAYLOR

THE GOVERNMENT was last night accused of erecting a "Berlin Wall" after a secret midnight operation to clear the Royal Air Force base at Molesworth, Cambridgeshire – Britain's next cruise missile site – of peace protesters.

Hundreds of police and soldiers moved into the base under cover of darkness at midnight on Tuesday and removed more than 100 anti-nuclear campaigners who were camping at Molesworth. While 1,500 soldiers rolled a 7½-mile barbed wire fence more than 6ft high around the perimeter of the base, Ministry of Defence and civilian police supervised the eviction.

Mr Michael Heseltine, Defence Secretary, clad in army camouflage, yesterday toured the base before facing furious parliamentary questioning.

He said the eviction had been necessary to "prevent a systematic programme of deliberate delay and disruption by a small and unrepresentative minority within our society."

Mr Tony Benn, the left-wing Labour MP, said: "The building of a Berlin Wall around the camp, associated with your readiness to shoot those who might get in, is an indication that the Government are prepared to use the full apparatus of the state to obliterate opposition to their policy." Other MPs denounced "jackboot tactics" and described the eviction as "shades of Nazi Germany."

The Government's action clearly caught the peace movement and its supporters by surprise. They had not expected the military to move so swiftly and plans for an Easter mass rally at Molesworth were being hastily revised last night.

National leaders of the Campaign for Nuclear Disarmament yesterday wrote to supporters in an effort to ensure that the Molesworth base would remain under permanent siege from next Monday.

Molesworth is due to house 64 U.S. cruise missiles by 1988. Until now, the peace protest there has been overshadowed by the women-only peace camp at Greenham Common, near Newbury, Berkshire, where 32 cruise missiles are already in place. A camp of about 100 women still remains at Greenham.

Mr Heseltine told MPs thet planning for the Molesworth operation began three months ago with the approval of Mrs Margaret Thatcher, Prime Minister, after he had taken the initial decision.

Documents had come into his possession setting out plans for protest action at the base and he had decided to act to achieve "maintenance of the law."

The mission had gone ahead in darkness to prevent "thousands, perhaps ten thousands" turning up and endangering the lives of women and children.

Mr John Cartwright for the Social Democratic Party, said the operation had to be viewed in perspective. Demonstrators had a right to protest against policies they opposed, but the Government was entitled to outwit them, as it had done on this occasion.

Miners consider strategy for ending strike

Philip Bassett discusses the suggestion within the NUM of a return to work without an agreement with the National Coal Board.

MR ARTHUR SCARGILL, president of the National Union of Mineworkers (NUM), responded with characteristic vigour yesterday to the suggestion by South Wales miners of a return to work without an agreement in order to save the fabric of the union.

His intervention came after Dr Kim Howells, the South Wales NUM's spokesman, spoke in a radio interview of the growing feeling in parts of the coalfield that this might be the only way of securing an orderly end to the strike.

Mr Scargill telephoned Dr Howells to remonstrate with him. Dr Howells's interview, however, brought into the open a belief that has been circulating in the union for some time – and not just in South Wales, but in other areas such as North Derbyshire and parts of Yorkshire. It has even been suggested in the talks between the miners and the Trades Union Congress.

For those proposing it, the suggestion has its attractions. It would put a halt to what for the union is an embarrassing return to work, allowing the miners to go back with dignity and honour. The National Coal Board (NCB) claimed that another 307 men abandoned the strike yesterday.

Secondly, and probably more importantly, it would enable the NUM to avoid signing an agreement with the board that would allow pits to be closed on economic grounds.

The strategy is not without its difficulties. Mr Scargill has long been a passionate advocate of national agreements. He campaigned in the 1970s, for instance, against the idea of area-by-area productivity deals. In that dispute, the national base of the NUM has been under severe threat from Nottinghamshire and other working areas.

The whole basis of the NUM and indeed of many unions, particularly in the public sector, is national agreements. Nationally, unions can provide deals that might not be obtained at a local, fragmented level.

One of the ideas behind the South Wales suggestion is that colliery closures could then be fought on a pit-by-pit basis. But opponents of the idea say that before that strike, that sort of stance failed to halt pit closures. They argue that if 11 months of national action cannot halt closures on economic grounds, how could local action do it?

On pay, too, one suggestion of those in favour of returning without an agreement is that so-called "guerrilla" action could be maintained – no co-operation, refusal to work overtime, and so on. Opponents of the strategy argue that, in practice, that is unlikely. After 11 months of hardship, miners are likely to want to make up for money lost.

Leaders of the NUM accepted last night that the suggestion of a return to work without an agreement could be discussed at today's meeting of the union's executive in Sheffield. Mr Peter Heathfield, the general secretary, said the idea would be before the meeting as one of a series of options facing the union over the strike.

Businessmen to aid civil justice review

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT

SIR MAURICE HODGSON, chairman of British Home Stores and a former chairman of ICI, is to head a committee to advise Lord Hailsham, the Lord Chancellor, in a review of civil justice in England and Wales.

Lord Hailsham said yesterday the review would cost an estimated £500,000. He hoped to be in a position to reach decisions based on it within three years.

The aim is to bring about reforms reducing delay, cost and complexity in civil litigation.

Lord Hailsham said that, for the first time, outside management consultants would be used to produce factual studies on the progress of cases, from the time a litigant went to a solicitor until final judgment.

Consultations would then take place on the basis of an analysis of the studies and proposals for change, to be followed by legislation.

Separate studies would be undertaken of each of the main areas, including personal injuries, small claims, debt, housing and commercial cases. Jurisdiction, procedure and court administration would all come under scrutiny.

Lord Hailsham said he would direct the review, taking advice from Sir Maurice's committee. The committee will also include Sir Kenneth Bond, deputy managing director of General Electric Company; Mr Peter Jacques, from the social insurance and industrial welfare department of the Trades Union Congress; Mr Bob Kerr, personal insurances manager of Guardian Royal Exchange; Lord Justice Griffiths of the Appeal Court; and representatives of the National Consumer Council, Citizens Advice Bureaux and the legal profession.

The introduction of non-lawyers to the committee is the only departure from the discussion document issued by the Lord Chancellor's department last autumn.

That document came in for sharp criticism at a Law Commission seminar, at which there was a consensus among senior judges and lawyers that any review should be carried out by an independent body and not by the Lord Chancellor's department.

Lord Hailsham emphasised yesterday that the review was not a vote of no confidence in the courts or lawyers. He believed that the English legal system was the least delayed and most efficient in the world.

Tory minister faces row over race remark

BY PETER RIDDELL, POLITICAL EDITOR

MR ALAN CLARK, the Under Secretary at the Department of Employment responsible for race relations issues, was last night in the middle of an argument at Westminster over alleged comments about members of Britain's black community.

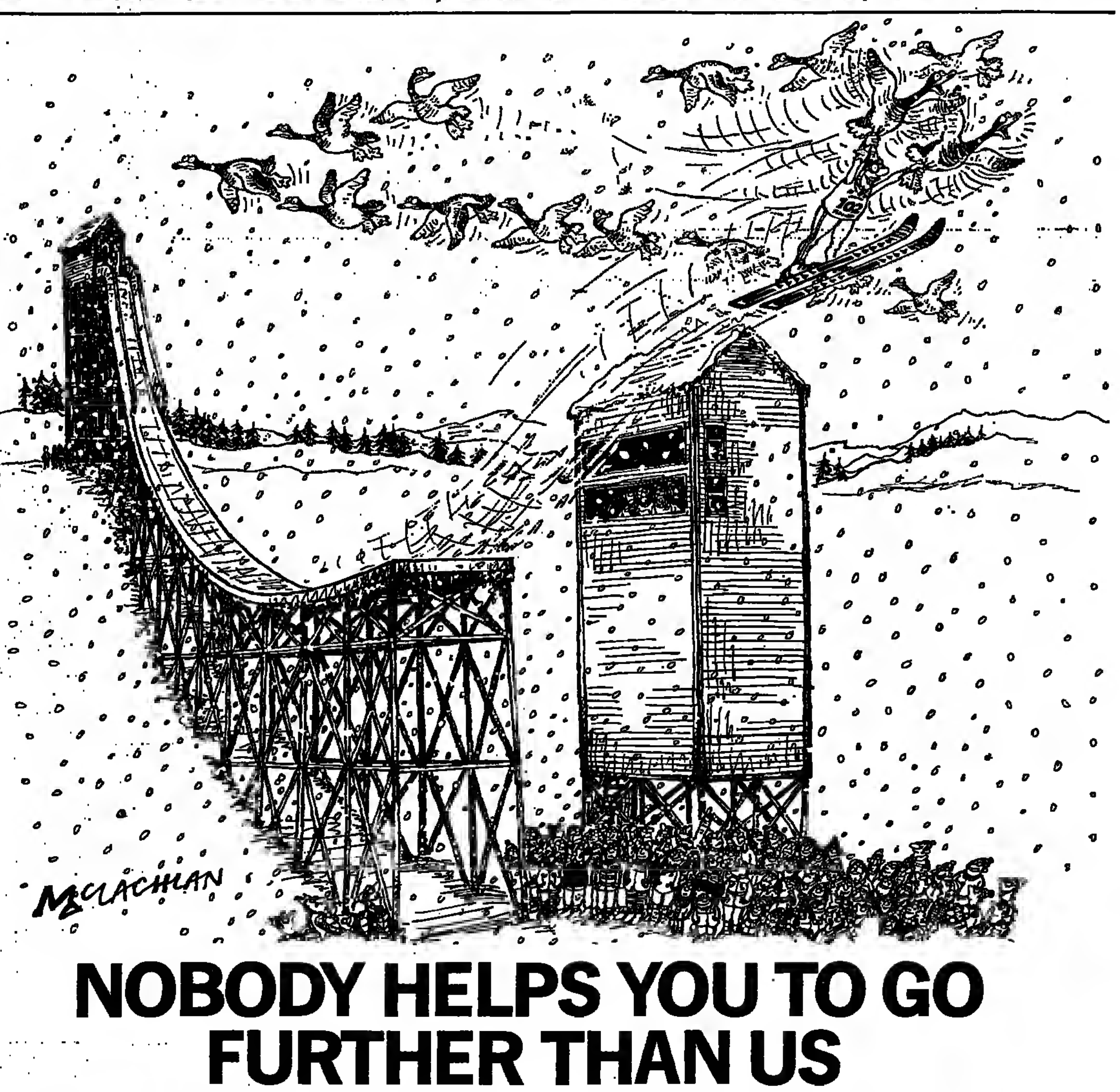
In reference to opposition to ethnic monitoring at unemployment benefit offices, Mr Clark is alleged to have said that critics from the black community were concerned because their names might be handed over to the immigration service so that they could all be sent back to Bongo Bongo Land.

A spokesman for Mr Clark said yesterday that he had no recollection of saying those words, although he acknowledged that it was perfectly possible that Mr Clark might have said something like that in the atmosphere of a confidential meeting of officials.

There was no sign last night of any concern in Downing Street about the incident although Mr Clark has earned a reputation for indiscretion which has landed him in similar rows in the past.

A group of Labour MPs headed by Mr John Prescott, the party's employment spokesman, and Mr Gerald Kaufman, the Shadow Home Secretary, were among MPs backing a House of Commons motion saying that if the remarks were true, the attitude they betrayed made Mr Clark unfit for the ministerial responsibility he carried.

● The Social Democrat-Liberal Alliance will announce later today that agreement has been reached on the methods of selection of parliamentary candidates in 62 per cent of the seats in Britain. All the seats in Wales and Scotland have been already settled.



FT COMMERCIAL LAW REPORTS

'Trading stock' must be bought for profit

REED (INSPECTOR OF TAXES) v NOVA SECURITIES LTD

House of Lords (Lord Keith of Kinkel, Lord Edmund-Davies, Lord Bridge of Harwich, Lord Brandon of Oakbrook and Lord Templeman): January 31 1985

ASSETS ACQUIRED by a trading company for the purpose of obtaining a fiscal advantage may nevertheless qualify as "trading stock" for group relief against corporation tax if they are of a type normally sold in the course of the company's business and were bought with a view to resale at a profit; but if they are not commercially saleable at any price they will not qualify as trading stock, in that the sole purpose of the acquisition must have been to obtain the fiscal advantage.

The House of Lords so held when allowing in part an appeal by the Inland Revenue from a decision of the Court of Appeal (*[1984] 1 WLR 537*) that shares and bank debts acquired by Nova Securities Ltd, a company dealing in shares and securities, were "trading stock" for the purpose of obtaining group relief.

* * *

By section 274 of the Income and Corporation Taxes Act 1970 and paragraph 1 of Schedule 7 to the Finance Act 1965, group relief may be made available by converting an allowable capital loss sustained by one company in the group into a trading loss sustained by another in the same group, on condition, *inter alia* that the asset subject to the allowable capital loss is transferred within the group to a trading company which acquires it as "trading stock."

By section 258(1) of the 1970 Act, relief from the trading loss may then be surrendered by the trading company in favour of other companies in the group.

*

LORD TEMPLEMAN said that Littlewoods acquired the issued share capital of a West German company, Medaillon, for £1.5m, and guaranteed certain of Medaillon's bank overdrafts. The venture was a disaster. Littlewoods was called on to pay under the guarantee and took assignments of the bank debts at an acquisition cost of £2.4m.

Littlewoods' prospective allowable losses of £1.5m and £2.4m in respect of the shares and the bank debts could only be set off *against its own capital gains*, and could not be transferred to the group of companies of which it was the parent.

With the object, no doubt, of converting the allowable losses into trading losses available for group relief, Littlewoods acquired the whole of the issued share capital of Nova, a company dealing in shares and securities, which thus became a member of the group.

By a letter dated August 17 1973 Littlewoods, whose board of directors included two out of the three directors of Nova, offered to sell the Medaillon shares and bank debts to Nova for £30,000. The letter explained that Medaillon's only asset was a building in Offenbach, the sale of which might realise £200,000, producing £55,000 towards repayment of the bank debts.

Nova accepted the offer. The Medaillon shares were transferred for £10, and the bank debts for £29,990. Provided Nova acquired them as "trading stock" it could elect to treat Littlewoods' capital loss of £3.9m as its own trading loss of £3.9m for corporation tax purposes (see Paragraph 1 of Schedule 7 to the Finance Act 1965).

Nova claimed to have converted the allowable loss into a trading loss, available for group relief. On September 4 1975, under section 258 (1) of the Income and Corporation Taxes Act 1970 it surrendered one-third of its trading losses for the accounting period ending December 31 1973 to three companies in the group.

The Inland Revenue resisted Nova's claim to have sustained a trading loss of £3.9m. The question was whether it acquired the shares and bank debts as "trading stock." The general commissioners found that it did. On appeal by the Revenue Mr Justice Walton held that their decision was correct. The Court of Appeal, by majority, affirmed his order.

*

If a company were to acquire an asset as trading stock, the asset must not only be of a kind which was sold in the ordinary course of the company's trade, but must also be acquired for the purposes of that trade with a view to resale at a profit.

A company which acquired an asset for purposes other than trading would not acquire it as trading stock, even though the company habitually traded in similar assets.

In *Lupton [1972] AC 634*, a dividend stripping case, the House of Lords held that relief should not be granted because the object of the relevant share purchase was to obtain a fiscal advantage and did not form part of the *trading activities* of a dealer in stocks and shares.

Viscount Dilhorne said at page 657 that "if a transaction viewed as a whole is . . . carried out for the purpose of establishing a claim against the Revenue . . . it does not form part of the trading activities of a dealer in stocks and shares."

In a dividend *stripping case* an artificial loss was artificially created and the artificial transaction did not constitute trading but constituted the manufacture of a tax advantage. In the present *case Littlewoods* sustained a real loss.

The legislature had conferred on a group of companies power to convert an allowable loss into a trading loss which could then be shuffled to secure a tax advantage. The Revenue could not complain that Littlewoods had secured a fiscal advantage by the statutory method. The only requirement was that there must be an acquisition by a trading company as trading stock.

So far as the Medaillon debts were concerned it could not be concluded that no reasonable tribunal, properly directed, could have decided on the evidence that the property was acquired by Nova as trading stock.

It was conceivable that Nova might have decided to acquire similar bank debts from a source unconnected with the group in the hope of making a profit either by waiting until realisation of the debts or by resale.

Different considerations applied, however, to the Medaillon shares. Medaillon's *assets* were valued at not more than £200,000. Its debts amounted to £8.7m. The shares were worthless. There was no commercial justification for acquisition of the shares by Nova. There was no conceivable reason, *apart from fiscal advantage*, why the shares should have changed hands at all.

No reasonable tribunal could have concluded that the shares were acquired by Nova as trading stock.

Mr Beattie, for Nova, urged that the shares were purchased as part of a package deal in that it could not acquire the debts without the shares.

But, assuming that to be so, the shares were not acquired as trading stock just because they were acquired in connection with bank debts which were so acquired. Section 274 applied to the shares only if they were acquired by Nova as trading stock, namely with a view to their resale at a profit. The shares were not commercially saleable at any price.

The Commissioners' decision was justified in respect of the bank debts, but not in respect of the shares.

Their Lordships agreed.

For the Revenue: Jonathan Parker QC and Peter Goldsmith (R. S. Boyd, Inland Revenue Solicitor).

For Nova: Charles Beattie QC and Christopher Sokol (Allen & Overy).

By Rachel Davies
Barrister

CONTRACTS

British Telecom orders

The electronics division of STC **TELECOMMUNICATIONS**, Newport, Gwent, has won orders worth £3m from British Telecom for automatic loopback equipment (ALE) and telegraph modems. The ALE allows four-wire private network lines to be tested remotely. The equipment, which does not affect the normal working of the line, is activated by a command tone. Then, it automatically disconnects the customers equipment, connects the transmit and receive lines and returns the command tone. The returned signal is monitored and the condition of the line assessed. At the end of the test the customer's equipment is automatically reconnected. The telegraph modems will be used in British Telecom's programme to convert the customer's telex lines to single channel voice frequency transmission.

*

Contracts for more than £2m have been awarded to the **LONDON AND NORTHERN GROUP**. At Dudley, in Northumberland, J. H. Fisher (Newcastle) will revitalise 49 houses in a £559,000 contract for North Tyneside Metropolitan District Council. John Crossland, Cleckheaton, has three contracts worth £130,000 to refurbish offices at Spenborough, erect warehousing at Heckmondwike and put in concrete bases for new machinery at Cleckheaton. G. W. Lazenby will do internal alterations at Durham City Town Hall in a £600,000 contract. In the north west, Border Engineering Contractors will construct 10 houses at Eyemouth in a £323,000 contract for Berwickshire District Council and will upgrade 93 dwellings in Workington for Allerdale District Council for £316,000. In Penrith, it has a £173,000 contract for new premises for the Halifax Building Society in Middlegate and, in Workington, will make internal alterations to the post office in a £114,000 contract for PO Lancaster.

*

A. ROBERTS LTD, part of the Multi Construction Group, has secured £11m worth of work. In the UK, £4m orders include a £2.7m conference centre at Hazelmere, for ICI; rehabilitation of flats for the London Borough of Islington; refurbishment for National Westminster Bank at Leatherhead; Territorial Army Volunteer Reserves at Sutton; and work for British Rail at Waterloo and Swindon. In Swaziland the company has secured a £7m contract for the Peak Sheraton Hotel.

TECHNOLOGY

EDITED BY ALAN CANE

AEROBIC APPROACH TO SEWAGE DISPOSAL

Ways to persuade sludge to budge

BY PETER MARSH

ENGINEERS IN Britain's water authorities are examining new techniques to deal with the 30m tonnes of sewage sludge that the country produces each year.

The sludge comprises only about 3 per cent by volume of the material channelled through Britain's sewers. The liquid that comprises the remainder is disposed of relatively easily after treatment—into rivers, for example.

Most of the sludge treated by water authorities finds its way on to agricultural land. The rest is largely dumped at sea. To transport the solid matter around the country costs an estimated £50m a year—so reducing this mass has benefits for the water industry.

A second problem is that, even after conventional treatment in sewage works, the processed sludge smells and may contain dangerous pathogens. So the water authorities are constantly investigating new techniques to reduce these problems without unacceptable increases in costs.

Britain contains about 7,000 sewage works, most of them small plants catering for populations of fewer than 20,000. Only about two-thirds of sludge produced by such works is treated by any process—the rest may be dumped in a raw state.

Water authorities spend about £15m a year on new sludge plants, mainly to bring treatment of some kind to the smaller sewage works.

Three ideas have surfaced for reducing the volume of the sludge that emerges from either new or old sludge plants. The first is based on the well-known principle of mixing sludge with air to speed the biological reactions by which bacteria "digest" solid matter, turning it into water and gases.

This aerobic digestion method differs from the technique employed in most of Britain's sludge plants, in which air is excluded from the reaction so that it takes place anaerobically.

Crucially, the aerobic reaction takes place at a higher temperature and proceeds more quickly. Due to a sterilising effect, the dangerous pathogens in the treated waste may be reduced. As more solid can be dealt with in a given time, smaller cheaper sewage plants would be required — though operating costs are likely to be higher due to the need to expend energy through blowing in air.

Though aerobic digestion is far from new, it has yet to gain a grip in British sewage works. Tom Maguire and Company, a small company of pumping specialists in Milford Haven, Dyfed, claims to have devised a new, particularly efficient air-blowing system for use in aerobic treatment.

The system, developed in collaboration with the Electricity Council Research Centre in Capenhurst, Cheshire, also has applications in effluent treatment in the food and chemical industries.

In the two other techniques for dealing with solid sludge, engineers try to reduce its volume either before or after conventional anaerobic treatment. Engineers at the Stevenage laboratories of the Water Research Centre (a body funded by Britain's water industry) are working on a process called pre-thickening.

In this, the solid matter is pumped into a tank prior to conventional anaerobic digestion. Due to natural settlement, the volume of waste is reduced.

According to Mr Terry Calcutt, manager of sludge treatment at the Stevenage centre, the skill is in designing the system of pumps and tanks needed for efficient compression using nothing more than the force of gravity. Hours of analysis using computers are needed to design the optimum system.

Engineers are due to instal a pilot plant based on this principle at a sewage works near Bristol run by the Wessex Water Authority.

The final possibility is to adapt the aerobic technique to "dewater" the mass of solid left after digestion in a conventional anaerobic works.

Dewatering is a well-known strategy aimed at removing from the solid mass liquids that are trapped inside, so adding to volume. Conventionally, water authorities simply leave the solid for up to a month in a large vessel, waiting for the water to drain.

A better way could be to use the aerobic process to mix up the solid with air. This changes the structure of the material so that water can more easily flow out of the cavities in the solid mass. As a result, the time for dewatering is reduced to as little as two days.

The Wessex Water Authority has a pilot plant in Avonmouth that operates according to these principles.

A particular kind of aerator (a device for bubbling air into a sludge) devised by Tom Maguire and Co. is at the heart of the aerobic techniques for sludge digestion.

With a pump, the aerator channels a porridge-type mixture (either sewage sludge or factory effluent) through a venturi nozzle into a small chamber. Another pipe passes air from the atmosphere into the chamber where mixing takes place. From here, the mixture is transferred along pipework into a much bigger vessel where digestion occurs (see diagram).

The key is to ensure that a high proportion of the air stays dissolved in the sludge, rather than passes through the liquid back into the atmosphere. This figure is known as the efficiency of the aerator.

According to Mr Tom Maguire, managing director of the company, his system produces efficiencies of more than 30 per cent, while the comparable figures for other equipment may be only 10 per cent.

The trick, he says, is to send the air and effluent into the chamber at the right speed. This influences the diameter of the air bubbles (between 1 mm and 1 cm) that infiltrate into the liquid. The shape of the chamber is also important.

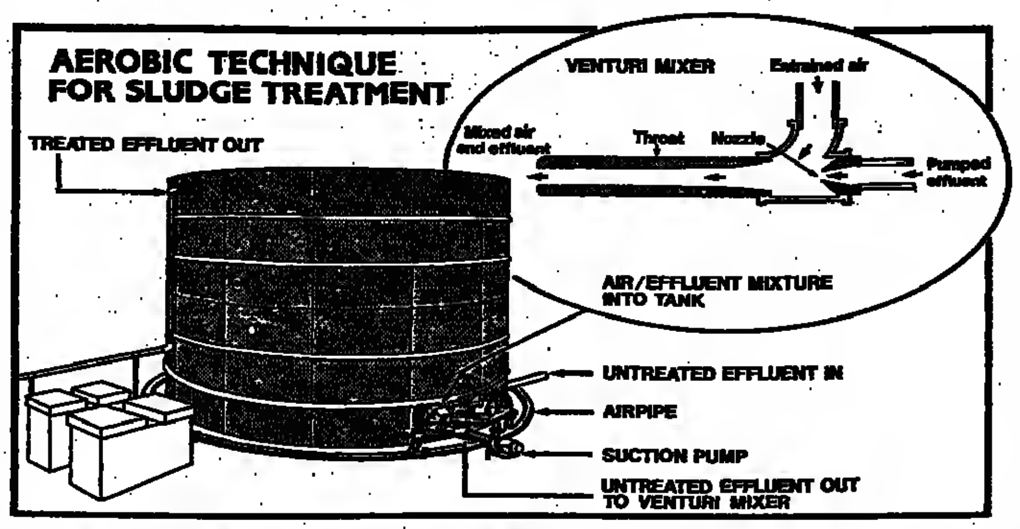
Mr Maguire cannot explain the details of how his engineers arrived at the optimum design. "It's more a black art than a science," he says.

With the traditional anaerobic technique, sewage engineers require 15-30 days to process 1,000 cubic metres of sludge. That time is reduced to about eight days with the newer technique.

The difference is because the aerobic reaction produces energy which keeps the sludge-air mixture at a temperature of above 50 deg C. As well as speeding up the process, the high temperature destroys bacteria which could be dangerous.

As a result, the size of the digestion vessel can be reduced. A treatment vessel in a large sewage works (catering for a population of 100,000) would typically handle 100 cubic metres of sewage a day and take up a volume of 1,500-3,000 cubic metres.

The first sewage works to use the Maguire system is operated by the Welsh Water Authority in Ponthir. The Thames Water Authority has similar plants at Epping and Luton.



COLLYEAR REPORT RECOMMENDATIONS

Why new materials need a helping hand

BY ALAN CANE

THE RECOMMENDATIONS of the Collyear Report on new and improved materials (engineering fabrics which could lead to the all-plastics car or a hazard free replacement for asbestos for example) which the Government published earlier this week are underpinned by three messages.

First, that current, imminent and subsequent changes in these materials are going to bring continuous and important technical change but that the time scales for individual developments are very long and the investments involve 1 risk.

Second, this potential for technical change and competitive advantage will be realised only by using revolutionary changes in engineering design and production technology.

Third, the UK has a good scientific base for materials technology, but this tends to be fragmented and it needs to be well co-ordinated to encourage collaboration with manufacturing industry and within government.

The report is the work of the Materials Advisory Group established last year by Mr Kenneth Baker, then Minister of State for Industry and Information Technology.

It was chaired by Mr John Collyear, chairman of the AE engineering group, and included representatives from private industry, nationalised industry and the civil service.

As reported in the FT, its chief recommendation was the establishment of a £120m, five-year research and development programme in new materials, the cost to be shared roughly equally between industry and the Government. The programme would be carried through by specialist materials "clubs" or industry consortia.

It also recommended the formation of a Materials Co-ordinating Group to implement the programme, review priorities and direct Government support to the key technologies.

It argued that the Department of Education and Science should work with the Department of Trade and Industry to ensure funding for long-term research on materials through the Science and Engineering Research Council.

Additional government money should be made available to improve education and training in advanced materials and materials processing, the report said, urging: "We recommend that the programme should commence immediately."

The Advisory Group restricted its study to areas of specific opportunity likely to benefit from "timely stimulation."

Thus it ignored traditional materials, materials which are sources of food and energy and materials pioneered in the aerospace, defence and nuclear industries, where support for innovation and development is already well established.

It looked at four classes of material—composites, engineering ceramics, rapid solidification technology and electronic materials—and three "enabling" technologies—assurance of product performance, surface and joining technology and near net shaping methods of manufacture.

These topics, its says: "We consider to have the most potential and urgency."

Composites are engineering materials built up of several components with different properties—glass fibre reinforced plastics is a typical example. Engineering ceramics are a far cry from the more familiar clay-based variety and are now being exploited in gas turbines and automobile engines.

Rapidly solidified alloys have remarkable mechanical, electrical and magnetic properties which makes them important in the manufacture of transformers and electric motors, manufacture using brazing materials and manufacture using substrates for electronic devices.

Electronic materials development based around silicon or gallium arsenide is already supported through a variety of Government schemes, the report notes, but argues that superlattices, interleaved thin layers of semiconductor material, which offer new opportunities for developing novel devices and which are likely to dominate electronics research for the next decade, need additional resources.

Near-net shaping methods of manufacture minimise material waste and the number of manufacturing stages.

Examples include powder metallurgy where powdered metals are used to make a casting rather than machining from the solid, and superplastic forming and diffusion bonding.

Surface and joining technology covers an array of techniques including the coating of twist drill tips with ceramic materials and coating glass fibres with inorganic vermiculites to increase heat and fire resistance to the level of asbestos.

Assurance of product performance includes automated methods of creating new materials, ways of evaluating the materials non-destructively and assessing their likely operational life.

The problems caused in recent years by the use of high-alumina cements underlines the importance of evaluating service life. The report observes: "For materials which have been in engineering use for decades, it is not too difficult to draw on experience when predicting performance. For new and improved materials, such experience does not exist by definition."

Why should the Government help to fund these activities? After all, as Mr Geoffrey Pattie, Kenneth Baker's successor, said in announcing the publication of the report, it was for industry to decide which areas should be developed and to provide finance for that purpose.

The Advisory Group argues, however, that Government involvement is needed to encourage industry to reduce the time scale of materials innovation and exploitation and to spread the risks.

It argues that the Government can ensure the more effective transfer of knowledge and expertise from higher education and the research laboratories to manufacturing industry, and it says it can ensure collaboration between the various parties involved and the co-ordination of the programme.

It warns that by comparison, total U.S. Government support for materials research is over £750m a year; total research and development work on materials in Japan co-ordinated through the Ministry of International Trade and Industry is probably in excess of £200m a year.

Manufacturing

Co-ordinate measurer

BROWN AND SHARPE of Plymouth is introducing an automatic co-ordinate measuring machine for use in flexible manufacturing systems (FMS).

The equipment, called Process Control Robot (PCR) forms a self-contained unit within the FMS, linked directly to the controlling computer. Intended for 100 per cent in-cycle inspection, the robot's probe sends out-of-tolerance data to the computer which can determine statistical analysis of drift for the machine controls in order to make the appropriate tool offsets and bring machined parts back into tolerance.

Basic elements of the unit are a five axis horizontal robot arm with probe together with a rotary table giving access to five sides of the workpiece. An optional three axis wrist for laser probing extends the system to seven axes.

Displays

Toshiba flat screen

A FLAT, 12 in liquid crystal display module has been announced by Toshiba.

It can display graphic patterns, alphabets and symbols up to 2,000 characters. The format is 25 lines by 80 characters—in other words, large enough to act as the display in a conventional (IBM-PC compatible) business microcomputer.

The supply voltage is five volts; power consumption is 400 mW.

Applications for the new TLC-402, according to Toshiba, include word processors, point of sale terminals, business machine terminals and test instrumentation message displays. More on 0276 62222.

Company Notices

NOTICE OF PREPAYMENT

Kingdom of Denmark

US$ 100,000,000
Floating Rate Notes due 1988

In accordance with paragraph 'Redemption and Purchase' of the Terms and Conditions of the Notes, notice is hereby given that the Kingdom will prepay at par on the Interest Payment Date falling on March 25, 1985 the total amount remaining outstanding of the above-mentioned Notes.

Payment of interest due on March 25, 1985 and reimbursement of principal will be made in accordance with the Terms and Conditions of the Notes.

Interest will cease to accrue on Notes as from March 25, 1985.

Luxembourg, February 6, 1985

The Fiscal Agent
KREDIETBANK
S.A. LUXEMBOURGEOISE

NOTICE OF EARLY REDEMPTION

BANQUE NATIONALE DE PARIS

US$50,000,000 Floating Rate Notes due 1987

Notice is hereby given that in accordance with Clause 7 of the terms and conditions of the Notes, Banque Nationale de Paris will redeem all of the outstanding Notes at their principal amount on 25th March, 1985 when interest on the Notes will cease to accrue.

Repayment of principal will be made upon presentation and surrender of the Notes with all unmatured coupons attached, at the principal office of the fiscal agent in Paris or, at the option of the holders, at the principal office of National Bank of Abu Dhabi in Abu Dhabi, at the principal office of National Bank of Kuwait SAK in Kuwait, at the principal office of Citibank NA in London, at the principal office of Banque Nationale de Paris (Luxembourg) SA in Luxembourg, at the principal office of French American Banking Corporation in New York City and at the principal office of Banque Nationale de Paris in Paris.

Accrued interest due 25th March, 1985 will be paid in the normal manner against presentation of coupon No. 10, on or after 25th March, 1985.

by: National Bank of Abu Dhabi, Paris Branch
Fiscal Agent

US $100,000,000
Hydro Quebec
13% Debentures
due 1st February
1991

US $6,250,000 have been purchased on the market to satisfy the Purchase Fund due 1st February

INTERNATIONAL DEPOSITARY RECEIPTS REPRESENTING SHARES PAR VALUE $2.50 COMMON STOCK IN J. P. MORGAN & CO. INC.

A cash distribution of $1.10 per Depositary share will be payable on or after 22nd January 1985 upon presentation of Coupon No. 57 at
Morgan Guaranty Trust Company of New York, 30 West Broadway (Corporate Trust Department), New York.
35 Avenue des Arts, Brussels.
Morgan House, 1 Angel Court, London.
82 Frankrijklei, Antwerp.
at the designated rate less applicable taxes.

This distribution is in respect of the regular quarterly dividend payable on the common shares P.V. $2.50 J. P. Morgan & Company Incorporated on the 15th January 1985.

Are you a UK Expatriate?

This clearly written and useful leaflet is designed especially for you. Write or phone for your copy of:
TAX NOTES FOR U.K. EXPATRIATES
to: FT/2, PREMIUM LIFE INTERNATIONAL
5 Berthelot Street, St. Peter Port, Guernsey, Channel Islands
Tel: 0481 26818

THE HIGHLAND DISTILLERIES COMPANY PLC

The Board of Directors has authorised the issue of 190,375 ordinary shares of 20p each in the capital of the Company, to the trustees of the employee profit sharing share scheme. The shares which will rank pari passu with the existing ordinary shares of 20p each will be allotted on 12th February, 1985 and application will be made to the Stock Exchange for them to be included in the official list with effect from 13th February, 1985. Copies of this notice are available for inspection at the offices of Greig Middleton and Company, 139 St Vincent Street, Glasgow G2 5JP and Cazenove and Company, 12 Tokenhouse Yard, London EC2R 7AN.

NACIONAL FINANCIERA FL.R. NOTES DUE 1981

For six months, from January 28, 1985, to July 28, 1985 the notes will carry an interest rate of 9 % per annum. The interest due on July 29, 1985 against coupon number 12 will be $ US 45,50 and has been computed on the actual number of days elapsed (182) divided by 360.

THE PRINCIPAL PAYING AGENT
SOCIETE GENERALE ALSACIENNE DE BANQUE
LUXEMBOURG BRANCH

Contracts and Tenders

ANNOUNCEMENT

Prequalification of Landscape Consultants

Dubai Municipality wishes to Prequalify Landscape Consultants for various landscape projects in Dubai town.

Qualified International and local offices wishing to participate are invited to submit prequalification documents at the Town Planning Department, Dubai Municipality, Dubai, not later than Thursday 07/3/1985.

The documents shall contain the following information:-

1. Place and date of establishment.
2. Number and qualifications of the technical staff.
3. Details of the implemented landscape projects within the Middle East area and anywhere.
4. Any other information which may be necessary for prequalification.

The documents shall be submitted in sealed envelopes marked:
"Prequalification Documents for Landscape Consultant",
addressed to:

DIRECTOR
DUBAI MUNICIPALITY
P.O. Box 67, Dubai, U.A.E.

Any incomplete documents shall be neglected and Dubai Municipality reserves the right to accept or reject any offer without assigning any reasons.

DIRECTOR
DUBAI MUNICIPALITY

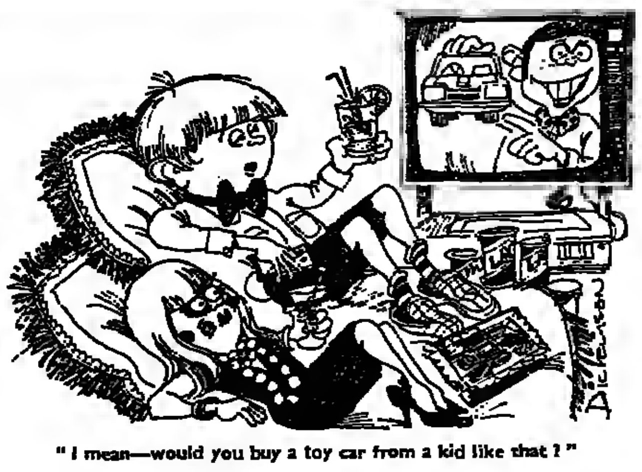
Publico 85012

ELECTRONICS INDUSTRY
SALE BY PRIVATE TENDER

Exceptional range of high quality capital equipment to suit computer and electronics industry. Viewing by appointment only. Last date for appointments 15th February.
Tel: Bernadette for Plant Register
BEEHIVE IRELAND LIMITED
Fermoy
Tel: 010353 25 31777

Art Galleries

AGNEW GALLERY, 43, Old Bond St., W1. 01-629 6176. 112th ANNUAL WATER-COLOUR EXHIBITION. Until 22 Feb. Mon.-Fri. 9.30-5.30. Thurs. until 6.30.
BROWSE & DARBY, 19, Cork Street, London, W1. 01-734 7984. CAROLINE HILL (1935-1983). Memorial Exhibition, paintings and drawings.



" I mean—would you buy a toy car from a kid like that ? "

Tomorrow's big spenders

Feona McEwan on advertising aimed at children

NEWS THAT one of the U.S. toy giants — and a dominant force in the UK—is up for sale has put the toy industry on edge on both sides of the Atlantic. General Mills' decision to sell off Palitoy, which is Britain's largest toy trading company with a turnover of £48m, was announced last week in New York.

This new upheaval is the latest in a market that is traditionally volatile — Palitoy has been hit hard by the waning of its Star Wars range of fantasy figures.

Children have become a major market and one which the advertising industry has also learned to take seriously. In the UK there are advertisements for confectionery, soft drinks and even bank accounts aimed directly at children. Average pocket money for a child in the UK is £3.11 a week, 80 per cent of it spent on confectionery, the rest on toys. Adults are said to spend £70 on average per child a year; the total UK toy market is worth £800m.

But the idea that kids wander into the world as commercial virgins is rubbish, says John Hegarty, creative director of Bartle Bogle Hegarty (who worked for years on the famous Lego account). Nor is it the case that they blithely absorb everything they see on television (ads included), like little sponges, says child psychologist Glen Smith, chairman of the Children's Research Unit, an independent company that specialises in children and teenagers. Take it from the admen, tomorrow's adults are learning young and fast what it takes to be discerning consumers. The under-15-year-old age group, they say, is one of the toughest audiences to reach.

"This generation is the most informed ever — with a huge range of information technologies at its fingertips," says Glen Smith, who has advised various authorities in the U.S., Australia and Europe. Far from being easily deceived, research shows that today's youngsters show a healthy cynicism (from about age seven upwards) and sharpness in their approach to advertising, a sophistication their parents never knew.

"They are familiar with techniques of selling," says Ivor Samuel, chief executive of BBDO (UK). "You will find them asking how much footage it took before a character did something—and that's eight year olds talking."

Industry watchers expect to see sharper marketing practice and attention to advertising and promotion from the seasoned multinationals which increasingly see the U.S. and European markets as one. In fact many of the commercials for U.S products are made in America with English voice-overs added for UK use. Hasbro's My Little Pony, one of the runaway success stories of last year was launched simultaneously in the U.S. and UK.

Television, not surprisingly, takes the lion's share of the UK spend on toy advertising, which last year amounted to about £23m (at rate card), according to Media Expenditure Analysis Limited. This shows a drop of some £6m over 1983 figures, largely thought to be due to the collapse of the video games market. This year in the UK Rainbow Toys, one of the brightest companies on the UK market, and Palitoy will spend £6.4m and £10m respectively, on advertising and promotion, and Mattel expects to spend £6m on TV advertising alone.

TVam is credited with expanding the amount of commercial airtime available to advertisers aiming at young audiences. It now boosts that 65 per cent of children aged from five to 16 tune in over a four-week period; it reckons it is "at the moment the prime market for toys." For a time it was children, of course, who came to the rescue of the station with that popular rodent, Roland Rat, acting as a magnet around which the audience has been built.

It is not surprising, then, to find that 21 per cent of TVam's 1984 advertising revenue came from toy advertisers.

Advertisers can pay anything up to £50,000 for a 30-second network slot in peak time children's programming, which tends to be Saturday mornings, and evenings between 5 pm and 7 pm.

Another popular marketing exercise involves licensing agreements which cover spin-off products resulting from a TV series or cinema film. Palitoy's Star Wars line of fantasy figures and vehicles took off after the TV showing of the movie at the end of 1982 though it has waned since; Mattel's Masters of the Universe sci-fi range, voted Toy of the Year 1984, is also the title of a cartoon TV series.

Yet for all its importance, television is by no means the sole influence on children's buying habits "though it receives disproportionate attention," according to Glen Smith. "What the child on the other side of the fence has is far more influential. There's also lots of competition for a child's attention in schools which is more real."

Researchers point to a number of traps when trying to reach children, which though obvious, still catch unwary advertisers. Glen Smith lists a few mistakes: patronising or speaking down to them; getting them to behave uncharacteristically, as mini-adults; incorrect casting, that is if aiming at seven year olds do not use seven year olds, since they aspire upwards and tend to envy their peers—use, say, a 10 year old; and generally children are unpersuaded by other children endorsing a product.

Cox Williamson, another market research company specialising in youth, notes that children's ads compete not only against each other but against all ads a child is likely to be exposed to. So they have to be just as good, if not better. Lager commercials, for instance, are popular with youngsters; they are admired for their witty, humorous, unexpected storylines. Other favourites include the street-wise "Tosh" Toshiba computer graphics commercial and the high-tech Quatro soft drinks commercial.

John Webster, executive creative director at Boase Massimi Pollitt ("part of me has never grown up"), is a past master at getting it right. There was the Quaker Honey Monster which spawned its own show; the Cadbury's Smash Martians which linked up with children's comics and lately the Oscar Grillo animation for Kia-Ora orange juice. With its colourful troupe of singing, sorry, barking, crows it has stimulated such a fantastic response that a series was mooted (though not yet realised) and two further variations on the commercial are due on our screens shortly.

"The child audience allows you freedom to do more creative work," he says. "They accept ideas quickly, and don't question everything. They're unclouded by logic."

Advertising and children is an area that is heavily self-policed—the law, however, has very little to say on the subject —*by the IBA code (for commercials)* and the British Code of Advertising Practice (for print ads). Stipulations include avoiding anything "which might result in harm to them physically, mentally or morally . . . or which takes advantage of the natural credulity and sense of loyalty of children." Bearing in mind children's ability to distinguish between fact and fantasy, "no unreasonable expectation of performance of toys and games must be stimulated by the excessive use of imaginary backgrounds or special effects . . ." and so on.

Meanwhile it escapes no one that the small spenders and savers of today are the big spenders of tomorrow.

Richard Giordano: the Chamber Orchestra of Europe will be visiting 13 U.S. cities " where BOC does a lot of business "

BOC's 'rifle shot sponsorship'

Duncan Campbell-Smith explains the background to the COE's U.S. tour

THE FIRST few pennies of a meagre £130,000 budget were enough last week to help ensure a lavish start for the latest corporate promotional campaign of the BOC Group, which has a turnover of well over £2bn a year.

The pennies (relatively speaking) paid for champagne and canapes beneath the stately portraits and gilded chandeliers of the Merchant Taylors' Hall in the City of London, where BOC, the health care to industrial gases group, had assembled a few hundred guests for the occasion.

But they were not there for the champagne alone. They had come to hear a concert of Schubert, Schoenberg and Prokofiev by the Chamber Orchestra of Europe—an event brought to them, one might say, by BOC and the COE together in a business deal exemplifying some notable trends in commercial sponsorship these days.

For BOC is using the orchestra's three-week tour of the U.S. — which began this week—as the centrepiece of a carefully planned promotion exercise. And it hopes it will be able to quantify the benefits.

Many companies—on both sides of the Atlantic—have for long used sports sponsorship in this way. But sports sponsorship comes awfully expensive. As Richard Giordano, BOC's chief executive and the UK's most highly paid businessman, said last week, £130,000 would have been barely enough for his company to buy a meeting with the organisers.

So BOC has turned instead to sponsoring an event in the arts. Its £130,000 will now go a long way—together with box office receipts—towards funding the orchestra's tour, which started on Tuesday in Greenville, North Carolina. Other sponsors of the orchestra include Abercromby and Co, Algemene Bank Nederland, Commercial Union Assurance, ICI Europa, Nederlandsche Middenstandsbank, Rank Xerox, Sainsbury, Standard Chartered Bank, Wates, and Willis Faber.

Arts sponsorship is developing rapidly in Britain. About 130 companies are actively involved, spending more than £15m a year, says Colin Tweedy, the director of the Association for Business Sponsorship of the Arts (ABSA) since 1983.

ABSA keeps a register of current opportunities in the arts for aspiring sponsors to draw upon and generally devotes itself to refining the relationship between business and the arts.

This means both encouraging people in the arts to see what they can do to help ensure that a commercial sponsor gets value for his money and assisting sponsors to put together the package they really want.

The latter is another key motive for arts sponsorship, which has certainly played a big part in BOC's support for the orchestral tour. "A lot of businesses no longer just want to take an arts event off the peg," says Tweedy. "They want to have an event tailor-made for their own sponsorship ideas."

The reasoning is simple: cost effectiveness. As some of its biggest exponents have discovered in recent years, sports sponsorship can be a rather hit-or-miss affair — giving a company's public relations department a tough time when the annual budget review comes round. The sponsored arts event, by contrast, can be used to impress the company's good name and image upon a finely targeted audience, with *readily* scored benefits.

BOC's chief executive made the point nicely in a bon voyage speech to the COE last week. The orchestra, said Giordano, would be visiting 13 cities of the U.S. "and by an extraordinary coincidence, it happens that BOC does a lot of business in all those places."

In fact, the orchestra's itinerary speaks for itself. Touring chamber orchestras do not visit Kalamazoo, Michigan, and Madison, Wisconsin, every day of the week. But BOC executives do; the company has extensive sales networks around both cities and a key plant in Madison.

BOC, therefore, will use each of the COE's concerts to lay on a stylish reception for its local customers and suppliers, hitting 5,000 in all. "Rifle shot sponsorship" is Giordano's term for it.

Of course, there is nothing new about the use of concerts, art exhibitions or the theatre to promote a little commercial goodwill. What is novel about the current trend in sponsorship, though, is the determination to go beyond the traditional types of entertaining — Glyndebourne opera tickets, the box at Covent Garden and all the rest — which can so easily amount to not much more than buns for the company directors and their wives.

"A more professional approach is growing up," says Tweedy, "with the marketing men taking a firm interest — hence the need to quantify returns." He says the oil companies and the big banks were the innovators some years ago. "But the hi-tech companies have come on fast and the consumer companies are at last beginning to look at it."

ABSA has seen a dramatic growth in the number of public relations and advertising *agencies showing interest in its* register over the last six months. One symptom of this has been the progress of the Government's Business Sponsorship Incentive Scheme.

Set up by ABSA and Lord Gowrie, the Minister for the Arts, last October, the scheme matches (in a ratio of three to one) Government funds up to a maximum of £25,000 against new private sector sponsorship of any one arts group. Lord Gowrie has £1m in the BSIS kitty—and half of this is clearly going to be allocated by the end of next month.

This may look small beer compared with the $1.5bn or so given annually to the arts by U.S. business, but the funding of the arts in the U.S. has been much *assisted since 1953* by the Internal Revenue Service, though the Reagan administration has put this under something of a cloud. Charitable donations by business can be tax deductible, which no doubt is reflected in the 1.1 per cent of pre-tax profits given to the arts by corporate U.S.A. against 0.1 per cent in the UK, according to ABSA. A lobbying campaign for some reform of the UK fiscal climate is another of ABSA's aims.

In the meantime, UK sponsorship must continue to rely heavily on enterprising agencies and individuals—like ABSA and like Peter Readman, the property and investment consultant who has spent much of his own time and money as chairman and executive manager of the COE, an orchestra which he himself launched only four years ago—and which now brings together players from twelve different countries.

A shrewd commercial judgement obviously underpinned BOC's hospitality in Greenville this week. But philanthropic motives have had their place, too. Giordano *is no musician*, he says—"but I wish I was. I'd give it all up to be one, wouldn't you?" No mean aside, that.

JOBS COLUMN

Where UK leavers head for and why they go

BY MICHAEL DIXON

WHATEVER President Reagan's success in raising America's confidence in itself, he has evidently not done likewise for United Kingdom citizens' desire to go and work there as expatriates.

The latest survey by Overseas Recruitment Services of UK candidates for jobs ebroad shows that of the almost 500 who filled in the qnestionnaire last year, only 8 per cent were keenest to go to North America. And that, of course, includes Canade as well as the United States.

In 1983 the proportion with their eyes first and foremost on North America was 16 per cent. Still, as the survey was carried out in the summer, the turning away did not take place when the candidates could have reliably foreseen the greet strides to be made by the dollar. So perhaps next summer's check will show the fall reversed.

On the other hand, the UK's would-be self-exporters can hardly be iguorant of the charms of the U.S. buck. While the 1984 betch were only balf as keen as their previous year's counterparts to be based in America, they were considerably keener to work for a big U.S. company in some other part of the world.

Just over 60 per cent showed that first preference, compared with 48 in 1983. Second came big British companies, also up in popularity over the 12 months although not so spectacularly. "Local companies" were mentioned by only 13 per cent. Bnt even that is an improvement—they didn't appear in the lists at all the year before.

Besides asking which country candidates would most wish to be based in, the survey invites them to nominate the part of the world where they would least like e job. Inevitably, the same place named by some people as ideal is fairly often also named by others as anathema. The best way of indicating the UK candidates' overall perceptions of different territories is therefore to subtract each one's minuses from its pluses and rank it by the resulting net score.

In 1984 far and away the most popular area by that measure was the Middle East—with the main preference apparently for Saudi Arabia—the area's net score being plus 11. Only two other regions finished with positive marks, and here President Reagan can take some comfort. For North America was second most popular, drawing only three minuses to leave it with +5, well ahead of Europe in third place with e hairsbreadth +1.

It is impossible, of course, to offer any comparable quasi-indicator of Mrs Thatcher's influence. The only reason why any candidate fills in the questionnaire in the first place is thet they're all itching to leave the UK forthwith.

One different kind of indicator which is applicable results from Overseas Recruitment Services' examination of the candidates' responses to see in which ways they were being pulled away by positive attractions elsewhere, and in which they were being pushed out by dissatisfaction with their home land. The outcome offers little if anything that the British Prime Minister would wish to bear.

The proportion saying they wanted out because of reduced living standards was up from 13 per cent in 1983 to 15 per cent last year. There were corresponding increases from 21 to 23 per cent in candidates complaining of being unable to find suitable work at home, and from 26 to 28 per cent in those blaming the UK taxation system, which compares with only 10 per cent in 1978.

There was, however, a decrease from 25 to 23 per cent from 1983 to last year in candidates complaining of being pushed out by lack of promotion opportunities here.

Slightly less than half of the 1984 candidates aged 41-60 were out of work when they filled in the questionnaire. The same applied to about a third of the 31-40s. Of the younger citizens keen to quit the country, virtually all were in full-time jobs.

Treasury

ON THE same survey's evidence, this week's first job would seem likely to appeal to the typical UK self-exporter. The base is Kuwait, and the salary indicator is US$100,000 tax-free.

Whether thet would be attractive to international bankers specialising in treasury operations, who, where pay and perks are concerned, are extraordinarily untypical of UK workers as e whole, recruiter Dudley Edmunds of the Roger Parker Organisation can only wait and see. He is offering the job for someone or something he describes as e "head of global treasury services (designate)," on behalf of an Arab bank with active interests in London, Singapore and New York among other places.

Since he may not name the bank be promises to abide by any applicant's request not to be identified to the employer at this stage. The same applies to the other headhunters to be mentioned later.

Starting by developing the small existing local treasury operation, the newcomer is expected to expand it profitably first throughout the Middle East and then worldwide. Candidates need extended success in comparable work with a prime international which has given thorough understanding of all main treasury markets.

Expetriate perks include allowanca affording two- to three-bedroom appartment.

Inquiries to Mr Edmunds at 4 London Wall Buildings, Blomfield Street, London EC2M 5NT; telephone 01-588 8161.

Up-market

A PROFESSIONAL manager with an eye for profitable fresh fields of expansion is wanted to run a 100-employee company based in London providing a highly specialised service to up-market building concerns. Dermot Hoare of Inforama UK, the headhunter in charge of the job, says he cannot be more precise

Started in the early 1800s as a family company, it now has only one family member among its three shareholders. Its traditional market is fairly static et between £2m and £4m turnover. But besides maintaining that, the recruit will be expected to find new uses and so new markets for its expertise.

Candidates should bave run a business operation successfully, and have led a change of direction which has paid off.

Salary about £25,000, bonus on increased profits and prospect of equity share as well as car.

Inquiries to Mr Hoare at 36, Dover Street, London W1X 3RB: tel. 01-493 8351, telex 261867.

Fast moving

RECRUITER Dirk Degenhart seeks e general manager to work from the southern Home Counties with responsibility for the making and marketing of e British-based group's fast-moving consumer goods in the UK, North America, Continental Europe and the Far East. Sales are now about £40m.

The key task is improving market performance, so candidates need success in that arm of an FMCG business before stepping up to run one, preferably of international scope.

Basic salary around £40,000, plus profit-share, car, etc.

Inquiries to Dirk Degenhart and Partners, 4, Priory Gardens, London W4 1TT; tel. 01-994 2157, telex 8952423 Grooms.

Managing Director

Kent — **c.£20,000 plus incentives**

Our client, a substantial financial institution which is long established in the Life Assurance and Pensions sector of the market, intends to set up a subsidiary company to offer services to those wishing to operate Small Self-Administered Pension Schemes.

The company will be expected to be self-supporting but will co-operate closely with its parent, from whom it will derive introductions. The prime task of the Managing Director will be to develop the market and to provide an efficient and profitable service to clients; support services will be made available as and when required.

Applicants should have an in-depth knowledge and experience in this sector of the Pensions market, with a proven record of success in business development. Future success in achieving targets will be generously rewarded. Only those with the skills, experience, entrepreneurial instincts and character needed to operate successfully on their own initiative will be considered.

Please write in confidence with brief career details quoting reference 3301/2 to J. W. Hills, Executive Selection Division, Peat Marwick Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

FINANCIAL ANALYST

£30,000+

French-speaking financial/business analyst required for large multi-national group. Previous experience in business planning and analysis and acquisition work is essential. Would suit qualified accountant or economist preferably with an MBA. The job is London based but requires person to travel worldwide.

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Edman House, 17/19 Maddox Street
London W1R 0EY

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DISTRICT GENERAL MANAGER

NORTHALLERTON HEALTH AUTHORITY

The Northallerton Health Authority is seeking a District General Manager to lead its organisation.

New arrangements are being established following a Government inquiry into NHS management. The major objective is to deploy available resources to optimum effect in support of health and patient care. The District General Manager will be personally accountable to the Health Authority for the implementation of plans and the management of existing resources in the most effective way, and will lead the top management team in the organisation.

The District Health Authority is currently appraising its major strategies for the delivery of health services. Priority will need to be given to improving care for the elderly, the mentally ill and the mentally handicapped as well as exploiting to the full advances in modern acute medicine. This represents one of the most exciting challenges in management today.

The Northallerton District comprises the central and western parts of North Yorkshire which are completely rural and include part of the Yorkshire Dales, and is based on the County town of Northallerton. The population of the District is about 110,000 and the current revenue allocation is £11.5m. The Authority is planning the complete redevelopment of Friarage Hospital and phase I at a capital cost of about £5m started on site in 1984.

Candidates will need to possess high qualities of Leadership, be able to demonstrate a proven record of successful management in a large organisation and have the ability to manage change and control large budgets. Their current salary will be over £20,000. Initially the appointment will be for a fixed period of three to five years and will be extendable thereafter by mutual agreement. Remuneration and conditions of service will be negotiable subject to experience.

Detailed applications should be submitted to the Chairman: Benet Ormerod Esq, 1 Monksgarth, Scorton, Richmond, North Yorkshire. DL10 6EB by 22 February 1985. They should be marked "In Confidence – District General Manager Appointment." Further particulars will be sent on request.

Yorkshire Health Region

ANOTHER ANOTHER ANOTHER

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Candidates should be experienced in financial and cost accounting, budgeting, the provision of prompt management information and working with computerised systems. Those with data processing and administrative experience will have an advantage. A knowledge of languages is not essential, but some Spanish or French might prove to be helpful. Age range 25-50. Salary is expected to be over £16,000 pa.

Applicants should telephone for an application form quoting reference R1736, or send a c.v. with a covering letter to R. N. Orr.

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Call Tony Canning's secretary, Irene Dempsey, on 01-638 0805, for an interview.

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We require a top person ideally with the following qualifications:

(1) Age: 28-38.
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The successful candidate, who will report to the Director of the Microguide service, will also be expected to take an active role in client consulting, quality control and promoting the Microguide service.

Candidates should be graduates in their late 20's with substantial experience of microcomputer systems gained for example in a software house, computer consultancy practice or dealer. An accounting qualification would be an advantage. Excellent communication skills are essential as is a desire for career advancement in this exciting and innovative area.

Applications in the form of a detailed curriculum vitae should be sent to: Geoff May, Divisional Personnel Manager, Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS. 01-836 1200

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The need has arisen in the Planning Department for an Analyst who will be involved in the development of the Company's short and long term strategies. He/She will be required to produce economic and business forecasts, analyses and use/develop computer models.

Candidates, up to 30 years of age, should be graduates with 3 years business experience preferred. Analytical skills coupled with the ability to make concise written and oral presentations to senior management are essential.

Mobil has a career development programme providing further opportunities for candidates of high calibre. This position is seen as an ideal stepping stone to gaining experience of the Company's broad range of operations giving the successful Planning Analysts varied but nevertheless realistic career opportunities for further advancement.

Please write giving details of age, education, experience and present salary to: Peter Johnston, Adviser Recruitment and Development, Mobil Oil Co. Ltd., 54-60 Victoria Street, London SW1 6QB.

Mobil

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Interested candidates should contact Kevin Byrne on 01-588 6644, or send a detailed c.v. to the address below. (Calls on the above number until 7.30 p.m. on Thursday 7th February) All applications will be treated in the strictest confidence.

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• Please only contact us if you are applying for the above positions.

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The successful candidate will help to increase coverage of the engineering sector both on an international and domestic basis. It is envisaged that this job will appeal to an experienced analyst seeking a career move or, alternatively, to an individual with relevant background in the industry.

In both cases candidates should be aged 25-35, possessing first-class communicative skills and a high degree of motivation.

The remunerative package will be made very attractive to the right individual(s).

Please send replies to:

Box A8894, Financial Times
10 Cannon Street, London EC4P 4BY

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An internationally renowned business information company wishes to commission consultants to research and prepare reports analysing and forecasting segments of the following European markets:

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The ability to communicate lucidly by telephone is of key importance.

Initial salary negotiable, non-contributory pension, free life assurance, free medical cover and assistance with removal expenses if necessary.

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ECONOMIST in International Banking

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The Economics Department is responsible for all economics input to the Bank worldwide including Country Risk analysis and money and currency research and for the AMEX Bank Review. The post will involve some overseas travel for research.

Applicants, to be in their early to mid-20s, should have a sound economics training and one to two years of practical experience. The position is well suited for those seeking their first career move as an economist.

A competitive salary will be offered with the usual Bank fringe benefits.

Please apply in writing, by March 10th 1985, stating full particulars, to:

The Chief Economist
American Express International
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Trafalgar House
11 Waterloo Place
London SW1Y 4AS

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Level of salary will not be a deciding factor as these positions offer high rewards commensurate with their importance and seniority.

Please contact Brian Gooch or Peter Haynes on 01-623 1266, or send C.V.'s in strict confidence to:-
Jonathan Wren & Co Ltd, 170 Bishopsgate, London EC2M 4LX

Jonathan Wren
BANKING APPOINTMENTS

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Money Managemant, tha leading personal finance magazina publishad by Financinl Times Businass Information, is looking for an experienced financial journalist. The successful applicant will have written axtensively on unit trusts, lifa assurance, pensions and ralated subjacts. Alternatively a more genaral financial reporting background may be suitabla. Eithar way an awarenass of the political and economic climate within which tha personal financa industry operates is essential.

Tha successful applicant will ba expected to contributa to tha continuing develtopment of Money Management and its associated publicatitns.

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Please apply with full C.V. to:

Jennifer Leaver Personnal Manager
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GUIDE TO RECRUITMENT CONSULTANTS

The Financial Times has arranged with the Institute of Chartered Accountants to publish a list of those candidates who were successful in the recent Part II examinations. We will be including in this feature "The Newly Qualifieds' Guide to Recruitmeot Consultants."

Entries in the Guide will be charged at £55 which will include company name, address and telephooe number. Extra lines will be charged at £11 per line.

For further details please telephone:
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or
Robert Winter
on 01-236 9763

International Banking

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Our client, a recognised Bank, offers a broad range of banking activities both within the UK and overseas and is looking to recruit an able individual to manage their operations division.

The job includes responsibility for the accounting, settlements and D.P. functions.

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Successful applicants will have at least two years' bond sales experience and should now be looking to make a progressive move to a more challenging position providing the opportunity to realise their full potential. Remuneration package is negotiable and will include competitive salary, performance related bonus and banking benefits.

In the first instance please contact:
Stephen Depson or Nick Williamson on 600 1211.
All calls will be treated in the strictest confidence.

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KARL O HELM AG
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Attn: Mr Joern Hinrichs
Telephone (40) 23750

International Merchant Banking

Hamburg

European Asian Bank has e well-established presence in the Asia-Pacific region where it operates in 14 countries through branches, offices, and affiliates. The Bank's Merchant Banking Group – with units in Bombay, Hong Kong and Singapore – concentrates mainly on project finance/loan syndication and capital markets. This activity is co-ordinated by the International Finance Department in Hamburg and the Bank is seeking a manager to head the department.

Reporting to the Head of the Merchant Banking Group, you will lead a small team of credit and legal specialists in the:
- Negotiation of project finance and syndicated loans;
- Evaluation/approval of loan proposals;
- Technical support in new deal execution;
- Marketing of European clients;
- Development of new products.

Your approach would need to be innovative and flexible, and you could well be currently employed in the capital markets group of a major international or merchant bank. The preferred age range is 32-38, and a knowledge of the German language and/or Asia-Pacific markets would be useful, but not essential. Salary is negotiable and attractive employment benefits apply including good educational arrangements.

Preliminary interviews can be arranged with PA consultants at our offices in the world's financial centres.

Please send a brief cv, in confidence, to Gary Gibbons, Banking and Finance Group, Ref: AA54/9143/FT, or telephone him to make any enquiries.

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FINANCIAL DIRECTOR EUROPE

OMI International Corporation is the leading world wide supplier of specialty chemicals for electroplating and associated surface finishing applications with a major presence in the electronic and automotive product industries. The European group with a turnover of $70 million and employing over 500 people is in a growth mode.

The European headquarters, located in Brussels, is responsible for co-ordinating the activities of the group's 10 subsidiaries throughout Europe. Following internal promotion, the company seeks to appoint the Financial Director Europe.

The position requires extensive European travel working closely with the European Management Team. Linguistic skills, particularly German, would be advantageous.

Suitably qualified candidates, aged 35-40 should have demonstrated career progression through a similar US based multi-national organisation and have acquired strong accounting, analytical and commercial skills. The company will offer a generous remuneration package, including relocation costs if necessary.

Please write in confidence enclosing a CV to: Keith Lloyd, Vice President Europe, OMI International (Europe) Corporation, Avenue des Arts 36, 1040 Brussels, Belgium.

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BUSINESS ECONOMIST

Reporting to the Planning Manager, you will:
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- participate in developing creative strategies to succeed in our business objectives.

Aged 25-30, to succeed in this challenge, you need:
- a university degree in economics with emphasis on quantitative techniques/econometrics, and preferably an MBA,
- practical experience in applying quantitative economic and analytical techniques to business analysis,
- fluency in English, French a plus,
- an aptitude for independent and creative work and the facility to deal with people at various levels.

Our Company has been growing with over 25 consecutive years of record earnings: come and grow with us, personally and professionally. If you are interested in working with a dynamic team of professionals in a company which offers first class conditions, please send your curriculum vitae in confidence to Dominique Herrmann, Personnel Department.

**PHILIP MORRIS
EUROPE S.A.
EFTA, EASTERN EUROPE,
THE MIDDLE EAST,
& AFRICA REGION**
Place Chauderon 4, 1003 Lausanne
Switzerland

Group Management Accountant
Qatar

Ghanem Al Thani Holdings plays a major part in the development and growth of the state of Qatar. The group comprises numerous divisions which include retail outlets, a 5 star hotel, engineering, construction, printing and paper converting, concrete batch production and extractive industry. The combined annual turnover of the group is substantial and the growth of the group is such that a vacancy now exists for a Group Management Accountant, who will be responsible to the Financial Director. The major responsibilities will include:-
1. Inventory management.
2. Profit planning and control
3. The design and installation of management information systems.
4. The introduction of computerised systems.

The successful applicant will be aged between 25 and 35 and must be a qualified accountant (ACMA or ACCA). A minimum of 5 years' experience covering both job and process costing is also essential.
Benefits include a tax-free salary equivalent to circa £23,000 per annum, company car, free furnished accommodation and 30 days leave after 12 months service with return air fare paid for self and family.
Detailed cv and recent photograph to be sent to Richard Williams, PER Overseas, 4th Floor, Rex House, 4-12 Regent Street, London SW1Y 4PP.

PER OVERSEAS
The complete overseas recruitment service

Retail Accountant
Middle East

New Trade Company operates a number of upmarket boutiques selling luxury fashions, footwear, gifts, jewellery and watches in Doha, capital of the State of Qatar. Agencies within New Trade Company include Ebel, Cartier, Etienne Aigner, Patek Philippe, Van Laack, Dunhill, Trussardi and other prestigious names. The success of New Trade Company is such that New Trade Gallery, a 3,000 square metre luxury shopping unit is soon to be completed with a minimum of 12 specialist shops.
A vacancy now exists for a Retail Accountant who will be responsible to the General Manager of New Trade Company. The major responsibilities will include:
1. Preparation of budgets.
2. Preparation of Period and Year End financial and management accounts.
3. Cash management control.
4. Credit control.
5. Inventory management including computerisation of stock control and accounting procedures.
6. Training and development of personnel.

The successful applicant will be a qualified accountant, ACA, ACCA or ACMA, aged between 25 and 35 and will have at least 5 years' experience in a similar retailing environment.
Benefits include a TAX FREE salary equivalent to £20,000 per annum, a car allowance, free furnished accommodation and 30 days' leave after 12 months' service with return air fare paid for self and family.
Detailed CV and recent photograph to be sent to Richard Williams, PER Overseas, 4th Floor, Rex House, 4-12 Regents Street, London SW1Y 4PP.

PER OVERSEAS
The complete overseas recruitment service

EMPLOYMENT CONDITIONS ABROAD LIMITED

An International Association of Employers providing confidential information to its member companies, relating to employment of expatriates and nationals worldwide.

01-637 7604

GECI is a Paris-based company created in 1979, consulting and contracting with clients and engineers on a world-wide basis. GECI's main areas of consulting are in aerospace, nuclear, telecommunications and information systems.

GECI has achieved an impressive growth rate over the past few years and to ensure continued success GECI requires:

Top Marketing Manager
with experience in these fields to develop our activities in Europe (excluding France).

Marketing Engineer
to assist the Marketing Manager in his duty in this field.
Initially, these positions will be based from our Paris office. We offer an interesting and challenging position with rewarding financial conditions.

Knowledge of French would be an advantage but not necessary for these positions.

EEC citizenship is required.

Kindly send your résumé, indicating your experience, together with a photograph and references, for the attention of:

Serge Bitboul, GECI
Tour Winterthur, Cedex 18, 92085 Paris La Defense, France
All applications will be regarded as confidential.

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Rate £37.00 per single column centimetre

VACANCIES IN SAUDI ARABIA
- SENIOR AUDITOR
- DATA PROCESSING SPECIALIST
- COMPUTER AUDITOR

The General Auditing Bureau in Saudi Arabia (equivalent to UK Auditor General or the U.S. General Accounting Office) is seeking candidates qualified for the above positions in Riyadh.
Responsibilities of Senior Auditors will include evaluating internal control systems and conducting financial and operational audits in both the government and private sectors. Responsibilities of the Data Processing Specialists and Computer Auditors will include developing and maintaining computerised management information systems and performing comprehensive computer audits, respectively.
Qualifications: PhD or MS degree in an applicable field or a bachelors degree with a professional certification such as CPA, CA, or CDP; a minimum of five years experience; fluency in Arabic.
Benefits: Salary commensurate with education and experience; housing allowance; round trip travel tickets for dependants; free education at all levels for dependent children; free medical care; annual 45 days paid vacation; others.

Send your resume to:
Assistant Vice-President
GENERAL AUDITING BUREAU
PO Box 7185, Riyadh 11128, Saudi Arabia

We are an international organization based in Belgium and operating a worldwide computer-banking telecommunications network.
Our Chief Inspector Office is creating a new senior position and is looking for a

head of audit development
(m/f - ref. 103-FT)

The function:
- conducts an ongoing audit of the systems development activity to confirm the security and reliability of the service to the customers
- recommends and reviews procedures, controls and techniques in order to assure security and confidentiality of the computer based information systems
- reviews the physical security of the impacted switching points around the world.

The successful candidate will be:
- a high level specialist in computer sciences-especially in new generation systems – with at least 5 years experience in systems auditing, preferably in an international environment
- preferably a graduate in Business Administration and experienced in international banking
- aged between 30 and 45 and ready to travel
- fluent in English; additional languages would be definite assets
- an effective leader, capable of handling responsibilities and people at high levels.

We offer a highly attractive salary package reflecting the importance of this key position, to be negotiated with the candidate.

Please submit your detailed resume and photo to our consultants:
Jerry RUBIN - Personnel Consultant S.A. - chaussée de La Hulpe 185 - 1170 Brussels.
All applications will be answered. Absolute discretion is guaranteed.

Accountancy Appointments

Finance Director
Construction Industry

Kent — **From £20,000 + car**

Our client is a publicly quoted industrial holding company, entrepreneurially managed and growth orientated, which has recently acquired a group engaged in civil engineering, building and contracting in the South East, with considerable growth potential. They wish to strengthen the management of this acquisition by appointing a Finance Director.

The latter will be responsible to the Managing Director and, functionally, to the Group Finance Director, with particular emphasis on developing stringent contract cost control, regularly monitoring results against budgets, introducing cash forecasting and control techniques, supervising further computerisation and handling the company secretarial role.

Candidates for this challenging role, preferably aged around 40, must be well qualified and should have appreciable experience of operating at a senior level in financial management in the construction industry.

Please write in confidence enclosing career details and quoting reference 6424/L to J. W. Hills, Executive Selection Division, Peat Marwick Mitchell & Co., 165 Queen Victoria Street, Blackfriars, London EC4V 3PD.

PEAT MARWICK

Financial director

N. Lancs, £20,000+car

C&L

Our client, a profitable division of a large public company engaged in the manufacture of consumer products, seeks to appoint a Financial Director to take responsibility for the entire financial management and accounting functions, with initial emphasis on computer systems development.

The requirement is for a qualified (ACA, ACMA or ACCA) commercially orientated accountant with a background in manufacturing industry and a demonstrable record of success in implementing computer based management information systems.

Resumés, including a day time telephone number, to Executive Selection Division:

Coopers & Lybrand associates

Coopers & Lybrand Associates Limited
management consultants

St James's House Charlotte Street
Manchester M1 4DZ

Group Accountant

Surrey/Hampshire

ACA 26-30 — **c.£18,000 + benefits**

Our client, Systems Designers International plc, is a leading systems consultancy specialising in the high technology aspects of computing in the expanding software and systems market. Following a period of rapid expansion the company achieved a full Stock Exchange listing two years ago, and is fully committed to continued high growth, both organically and through acquisition.

As a result of this expansion, they are now able to offer an outstanding opportunity to a young chartered accountant who will probably be seeking a first move out of the profession. The successful candidate will work in a small Head Office team, primarily with the Group Financial Director, on a variety of special projects including investment appraisal, acquisitions, financial planning, and operational assistance to subsidiaries where necessary. Candidates must be able to demonstrate a high degree of initiative and commercial awareness.

Please apply to Anthony Jones, Career Plan Ltd., Chichester House, Chichester Rents, Chancery Lane, London, WC2A 1EG, tel: 01-242 5775.

Career plan LIMITED
Personnel Consultants

FINANCIAL MANAGER
c. £17,500pa plus car

MANAGEMENT ACCOUNTANT
c. £15,000pa

Diners Club is an aggressive competitor in the Charge Card Market, and provides an excellent service to over five million cardholders in 163 countries. The UK business is expanding rapidly, and is backed by Citibank – one of the world's largest banks and a majority shareholder.

We are now seeking two professionals to further develop and refine our accounting systems:

The Financial Manager will manage a staff of eight in the preparation of financial accounts, the development and improvement of control procedures and systems, and in handling taxation matters. The job calls for an ACA with at least three years post-qualifying experience in a sophisticated accounting environment – probably within the profession.

The Management Accountant will be responsible for budget preparation, forecasting, monthly analysis of performance and the development of improved budgeting and forecasting systems using an IBM p.c. We need an ACMA or ACCA with c. 2 years post-qualifying experience in a sophisticated accounting environment.

Both positions are based in Farnborough, Hants, within easy access of London via the M3 or rail-link into Waterloo. Salaries are negotiable according to experience and ability and are accompanied by an attractive benefits package and excellent career opportunities.

Please apply in writing, giving sufficient information to make an application form unnecessary in the first instance to: Personnel Manager, Diners Club International, Diners Club House, Kingsmead, Farnborough, Hants GU14 7SR.

Finance Director

c £25,000 + car — **Surrey**

Our client, Arundell House Securities, a private property investment and development company, wishes to appoint a Finance Director. This is a new position and reflects the company's confidence in sustained growth.

The main activities of the post will involve the funding and financing of development projects, investigations into possibilities for further growth, contribution to the management of the company through the effective control of the accounting function and working closely with the Managing Director.

Candidates should be qualified accountants, aged 35-45, who have some experience of property finance and a good grasp of commercial reality. They should be prepared to invest time in developing effective accounting systems as well as being able to negotiate with the company's bankers.

In addition to a car, fringe benefits include pension and life assurance arrangements and health insurance.

Please write, stating how you meet our client's requirements, quoting ref. 1407 to:

BinderHamlyn MANAGEMENT CONSULTANTS

Anne Knell, Executive Selection Division,
Binder Hamlyn Management Consultants,
8 St. Bride Street, London EC4A 4DA.
Telephone 01-353 3020.

Sandell Perkins plc

We are the leading Timber and Builders' Merchants in the South of England with more than 50 branches and a turnover of £80 million. Rapid expansion over the past few years and planned future growth and developments have created the following vacancies at our Head Office near Maidstone in Kent.

SENIOR SYSTEMS ANALYST

Age 25-30 — **to £15,000+bonus**

You will have at least five years' experience as a Systems Analyst and will be responsible for the detailed design and implementation of major projects involving data processing and involvement with user departments.

It is essential that you have exposure to written D.P. standards, be a capable communicator at all levels and possess executive potential. A background in ICL 2900 series equipment would be advantageous but not essential.

SYSTEMS ACCOUNTANT

c. under 30 — **to £14,000+bonus+car**

You will be interested in, and experienced with, computers and will work closely with the Data Processing Department on the design and development of sophisticated computerised accounting systems. Promotion prospects are good and you will be expected to assume responsibility for the provision of financial information to management within a short period of time.

Both positions carry the normal staff benefits associated with a large progressive company and there is an attractive purchase discount scheme. Relocation expenses will be considered if appropriate.

Applications, including a full curriculum vitae, to:

M. J. Furze
Group Personnel Manager
SANDELL PERKINS plc
Forstal Road
Aylesford, Maidstone
Kent ME20 7AG

Build on our 200 YEARS Experience 1785-1985

Financial Investigations

Balfour Beatty is a major international construction group with an annual turnover approximately £700m.

An opportunity has arisen to join a small team based at the Group's Head Office near Croydon, which undertakes a wide range of review and investigation assignments both in the UK and overseas. Travel will be up to about 50%.

Applications are invited from Chartered Accountants with at least 2 years post qualification experience. This is a challenging appointment, and the successful applicant must have the ability to deal with all levels of management. Prospects for career advancement within the finance function are excellent.

There is an attractive remuneration package together with a company car, private health insurance, and other benefits. Relocation expenses will be paid where appropriate.

Applicants should send brief career history and personal details for the attention of the Group Personnel Manager, Balfour Beatty Limited, 7 Mayday Road, Thornton Heath, Surrey CR4 7XA.

BB Balfour Beatty
THE INTERNATIONAL ENGINEERING AND CONSTRUCTION GROUP

FINANCIAL CONTROLLER

CITY — **C£14,000**

Our client, a newly formed company, is looking for a qualified Chartered Accountant with 12 to 18 months post-qualifying experience, to act as financial controller for its confirming and trade finance operations.

Responsibilities will cover the financial function and central administration including the implementation of accounting systems.

Please apply in writing with detailed CV, to:—
Nigel Hughes,
Smith & Williamson,
Chartered Accountants,
7 Chandos Street,
Cavendish Square,
London W1M 9DE

SMITH & WILLIAMSON

FINANCIAL CONTROLLER
(Director Designate)
COMMODITY TRADING

West Midlands — **c £14,000+car**

Our client is part of a rapidly growing international trading group which is expanding into new product and marketing areas.

This rapid growth necessitates the appointment of a technically strong Financial Controller (Director Designate) to strengthen the entrepreneurial management team at its commodity trading company.

Reporting to and deputising for the Managing Director, the Financial Controller will be responsible for developing the accounting and administrative functions within the company. This will entail setting up new systems and procedures and producing information for management relevant to the company's business and projected growth. The Managing Director frequently travels and therefore the Financial Controller will also have specific executive responsibilities including administrative work and evaluating new business opportunities.

The need is for a qualified accountant, experienced in systems development (including computer applications), with a commercial outlook and a flair for administration.

In addition to the salary quoted, our client offers an attractive range of benefits which include a company car.

Please send full details to: Andrew Millhouse, Ref 342, Managing Director, Deansgate Management Services, 63-66 St. Martin's Lane, London WC2 4JX.
Tel: 01-240 9555

DEANSGATE
MANAGEMENT SERVICES
ADVERTISING · SEARCH · SELECTION
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LONDON AND MANCHESTER

Financial Director Designate

Korean National

Our client, one of the world's fastest growing pharmaceutical companies is expanding its business in the Far East, which has led to the establishment of a developing organisation in the Republic of Korea.

The point has been reached at which a Financial Director Designate is to be appointed. Probably aged 30-40, the successful applicant will be a qualified accountant who is fluent in Hangul and English with experience gained in the UK in a marketing orientated business. Ideally, he or she will also have worked in the Republic of Korea. The primary tasks will be the introduction of potentially fully computerised accounting systems for both financial and cost accounting.

After an initial period of training in the UK, the person appointed will take up the duties and responsibilities of the job in Seoul and be permanently based there.

Please write with full details. These will be forwarded direct to our client. List separately any companies to whom your application should not be sent. Ian White ref. B.1892.

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CONFIDENTIAL ADVERTISING

Management Accountants

City — **To £20,000**

The Client: part of a substantial telecomms/computing group, this division subsumes several household names, and achieves enviable levels of turnover and profitability.

The Positions: each encompasses the development of management information systems, investment appraisal and performance measurement. A seminal involvement in the formulation of business strategy – covering a variety of companies, products and disciplines – will be an attractive feature.

The Candidates: must be qualified accountants with wide-ranging experience and a commercial rather than narrowly financial perspective. The preferred age range is 25-40; a degree would constitute an advantage.

Applications, please quoting Ref. 145/1/FT, to S C Mackay, Charles Barker Management Selection International Limited, 30 Farringdon Street, London EC4A 4EA.

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MANAGEMENT ACCOUNTANT

Central London — **c.£17,500 pa**

Cable and Wireless, the worldwide telecommunications Group, has recently established its Cableships & Submarine Systems Division as an independent and fully accountable business unit.

An experienced Accountant is now required who will have the opportunity of stamping his/her personality on a team eager to expand progressive management accounting systems. Your comprehensive responsibilities will include the development and introduction of integrated financial recording and management accounting systems, the provision of financial guidance to support the implementation of plans and policies, and active involvement in the ramification of business proposals.

Candidates should have a commercial background in a service or manufacturing industry, a knowledge of computerised accounting systems and some exposure to project management accounts. You must be able to demonstrate management ability, self-motivation and career progress in a competitive environment, and will be professionally qualified.

There are good career prospects throughout the group. Relocation expenses will be paid where appropriate.

Please forward full CV or telephone for an application form to:
The Recruitment Manager (Ref R420),
Cable and Wireless PLC, Mercury House,
Theobalds Road, London WC1X 8RX.
Tel: 01-405 4980 (24 hours).

Cable and Wireless
WE'VE GOT CONNECTIONS

Accountancy Appointments

European Finance Manager

Richmond, Surrey **from £18,000 + bonus**

Our client, a US multinational with a turnover approaching $1 billion, is a market leader in the manufacturing and marketing of a high quality range of consumer products; they have an exciting growth rate and a sound profit base. The European operation includes four manufacturing subsidiaries and a number of international marketing businesses.

Reporting to the Director of Finance, Europe, a financial executive is currently required at the European headquarters to be responsible for financial reporting and analysis, the enhancement of financial management and to contribute to business planning and control.

Personality and professionalism gained in a manufacturing and marketing environment are key qualities for this high profile appointment; probably aged 27-32, you will be an assertive organiser, self motivated and highly numerate. Liaising closely with non-financial management, you must be able to communicate effectively with a wide range of nationalities and disciplines. Consequently an element of international travel will be necessary.

The attractive remuneration package will be determined by your expertise and potential. Prospects for promotion within finance and other disciplines are excellent. Relocation expenses will be available where appropriate.

Interested applicants should write, enclosing a comprehensive c.v., to John Sheldrake, Executive Division, at 31 Southampton Row, London WC1B 5HY, quoting ref. 210.

MP
Michael Page Partnership
International Recruitment Consultants
London New York Bristol
Birmingham Manchester Leeds Glasgow

MANAGEMENT CONSULTANTS/ ACCOUNTANTS

Consultancy assignments available S.W. London, Surrey Middlesex, Berks. involving the development of private companies. Applicants should have experience in business planning together with proven consultancy skills.

C.V.s in confidence to:

Box A.8896
Financial Times
10 Cannon Street
London EC4P 4BY

European Financial Controller

Major new venture

A leading American health care and hospital group, which is significantly expanding its international activities, requires a financial controller to join a newly established management team in Britain. In a major new venture, the team is to develop a series of recently acquired British interests and manage the group's future growth in Europe.

Reporting to the Vice-President European Operations, the financial controller will be responsible for all aspects of the setting up and management of the accounting functions for the new operations throughout Britain. Based in central London, the appointment will involve some travel and will entail designing computerised accounting systems and controls, recruiting staff and providing information relevant to the business and its future European growth.

The requirement is for a qualified accountant, aged around 35, with the flair and management skills to work in a fast moving group. Experience of an American, health care or related company is also sought.

Remuneration: up to £30,000 plus a car and other benefits.

Please write in confidence to CT Garcia (Ref 383).

TMA KMG
Thomson McLintock Associates 70 Finsbury Pavement London EC2A 1SX

Career Opportunities in Commercial Accounting

Manchester & King's Lynn **c.£14,000 p.a.**

We are Campbell's Soups and Unger Meats, part of the profitable Cambell's U.K. organisation, and are currently enjoying an important and exciting planned development period.

As a direct result of our expanding product range, and the identification of new business and marketing ideas, we currently have new appointments for commercially orientated accountants, seeking stimulating and innovative roles in business analysis and financial planning.

Responsibilities will essentially involve reviewing, analysing and commenting on business performance by product group, and/or major customers. Close contact with sales and marketing management is an important part of the brief, as is the evaluation of new business opportunities. The Manchester appointment will also involve close liaison with the manufacturing and operations functions.

The person appointed, ideally A.C.M.A. qualified (or equivalent) will have at least 5 years professional management accounting experience in the f.m.c.g. market. He or she will need to communicate effectively at all levels, and have the initiative and determination to make a productive contribution to business objectives.

Positions are available at both MANCHESTER and KING'S LYNN.

We offer an attractive salary and usual big company benefits including relocation assistance where appropriate.

Please telephone David Page (U.K. Personnel Manager) for an application form at the address below:

Campbell's Soups

Campbell's Soups Limited,
King's Lynn,
Norfolk PE30 4HS.
Tel: King's Lynn (0553) 5051

UNGER MEATS

Civil Aviation Authority

Management Accountant

Central London **Salary £12,500-£15,400.**

The Civil Aviation Authority is an independent statutory body responsible for the economic, technical and operational regulation of British civil aviation and for providing air navigation services. The Authority has an annual turnover of £228,000,000.

An opportunity exists for a qualified accountant in our Central Finance Division in London.

Reporting to the Manager, Management Accounting, the job-holder will be directly responsible for the provision of periodic Management Reports and the supervision of the Authority's costing services so as to ensure that costs are accurately and fairly recovered for the services provided.

The preferred applicant will have specialised in Management Accounting and will be able to communicate effectively with Technical and Administrative staff at all levels.

Salary will be on a scale rising to £15,382 inclusive of Inner London Weighting. Other benefits include generous leave allowance, an excellent contributory pension scheme and an interest free season ticket loan.

Please write or telephone for an application form to: Miss J. T. Carpenter, Personnel Services, Room T1220, 45-59 Kingsway, London WC2B 6TE. Tel: 01-379 7311 ext 2383 or answerphone 01-240 8448. Closing date for completed application forms is 28th February.

CAA

Ingram

BANKING AND FINANCE

Financial Control City Bank

£14,000 + benefits

My client is a well respected International bank that needs a young newly/recently qualified Chartered Accountant ideally with some tax experience. You will work with the financial controller, at officer level, and be involved with investigations, budgeting work and taxation. Some experience of banks useful, not essential. This challenging role offers excellent scope for career development and progression. Package is £16,000-£17,000. Contact Brian Ingram or Peter Briggs FCA.

Management Consultancy

Central London £14,000 to £25,000

Our client is a major international consultancy who requires high quality graduates with an excellent track record, aged 25 to 34 years for varied assignments. D.P. specialists and ACA's especially needed. Good communication skills and a strong personality essential, with varied commercial/industrial experience desirable. Rapid promotion dependant on ability, not age. We also have posts with Provincial offices for young ACA's and D.P. specialists. Contact Peter Briggs FCA.

Loans Officer

EC4 £22,000-25,000

This client is a prominent International bank, currently involved in a phase of considerable growth and development. As a result they require a senior loans officer to help develop their European coverage. You should have at least five years experience, which should include a period as senior officer, and be fully conversant with UK and European markets. (Age to 35). Contact Andrew Linden.

Foreign Exchange Dealer

EC2 c £20,000

Our client is one of the largest North American banks, with a rapidly developing foreign exchange department. They are looking for a high calibre spot and forward dealer to enhance their expansion. The ideal applicant will have had at least three years experience in a similar bank, and be in the age range 24/28. This is an outstanding career opportunity for an ambitious young dealer, looking to progress with a well respected bank. Contact Andrew Linden on 01-629 3555.

Contact Andrew Linden, Peter Briggs or Brian Ingram Telephone 01-629 3555
70/71 New Bond Street, London W1Y 9DE

Finance Director

c. £30,000 Southern Home Counties

Our client is a successful and expanding publicly quoted high technology company. As a result of its growth its management needs are becoming more sophisticated.

A chartered accountant, in the early to mid thirties, is required to direct and lead the financial function. In addition to controlling all aspects of the company's financial activities, a prime need is to provide support to other line directors and managers.

Candidates should preferably have worked recently in a small company at senior level, following experience in a well developed financial operation.

An excellent salary and benefits package will be negotiated.

Please write – in confidence – with full details to Brian Woodrow ref. B. 73262.

This appointment is open to men and women

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HAY-MSL
MANAGEMENT SELECTION

The Caledonian Aviation Group

Chief Internal Auditor

Gatwick Generous salary & benefits

Our client, The Caledonian Aviation Group plc, has requested us to advise them upon the appointment of a Chief Internal Auditor, to be based at the corporate headquarters near Gatwick Airport.

This is a new post and the duties will be to develop and to manage the department. Audit assignments will include regular review of financial systems and management controls, together with a wide variety of one-off assignments.

Candidates, aged 35 to 50, will be Chartered Accountants and must have experience of managing an internal audit department in a large organisation, preferably in a service industry.

Salary is unlikely to be a barrier to the right candidate and the benefits are generous.

Please write in confidence enclosing a detailed curriculum vitae, quoting reference F115/P, to Michael Ping, Ernst & Whinney Management Consultants, Becket House, 1 Lambeth Palace Road, London SE1 7EU.

E&W Ernst & Whinney

FINANCIAL CONTROLLER

A SENIOR ROLE WITH A
HIGH TECHNOLOGY LEADER

Salary to £16,000 plus fringe benefits

Our clients are in the business of designing, manufacturing, marketing and installing computer-based television editing equipment and post-production systems for use in broadcast television, facility house and corporate television markets. The company operates both here and in the United States and sells worldwide.

A Financial Controller is required for the head office based at Brentford (Middlesex) and will report to the board.

The responsibilities will include consolidating divisional results, controlling cash flow, preparing and monitoring budgets and forecasts and preparing final accounts. You will need to be a qualified accountant and previous experience of installing and operating a computer-based system will be an advantage.

Please send full career details, in confidence, quoting reference B/P6 to:

Victor Smith
BENJAMIN KAY & BRUMMER
York House, Empire Way
Wembley, Middlesex HA9 0QL

ACCOUNTANCY APPOINTMENTS APPEAR EVERY THURSDAY

Rate £37.00 per single column centimetre

BROOKES AND GATEHOUSE

Financial Controller

(Director Designate)

South Coast

c £22,000+Bonus+Car

B&G is a leading marine electronics manufacturer based in Lymington with a U.S. subsidiary. Turnover is growing at a rate of 20 per cent p.a.

B&G is part of the Unitech plc Group.

The person appointed will be a key member of the management team and will be expected to make a full contribution to business strategy. Candidates, aged in their mid thirties, should have experience of manufacturing industry and E.D.P. systems. High emphasis will be placed on successful career development and managerial skills. Experience of sailing would be an advantage.

Please write in confidence, with full career details, to:

The Managing Director
BROOKES & GATEHOUSE LTD
Bath Road, Lymington, Hants S04 9YP

FINANCIAL CONTROLLER

Age: 26-35 **Circa. £15,000+Car**

We seek a qualified Accountant with experience in the administration of Company Accounts. The successful applicant will have a Department of three and will be primarily responsible to the Finance Director for the production and control of monthly Management Reports.

We possess an IBM System 34 and, therefore, a knowledge of computers would be an advantage.

This is a career opportunity with the anticipation of taking up the post of Company Secretary with Board representation.

We are a Group of Six Companies servicing the Property Industry with plans for growth in this exciting sector of the market.

Apply in writing:

Michael P Collins BSc. FRICS

WILLMOTTS
Chartered Surveyors
63/65 Goldhawk Road, London W12 8EH

Divisional Accountant

c £15,000

Essex

Our client, Brent Walker Limited, is an established, successful and fast expanding group engaged primarily in the leisure and entertainment industry. Emphasis is now being placed on strengthening their professional management team and as part of this plan they wish to appoint an ambitious, qualified accountant to take responsibility for operations throughout Essex.

Leading and motivating a team of six, you will prepare all management and statutory accounts for five profit centres, and report directly to Head Office in London. You will supervise relocation of offices from Westcliff to Basildon and be involved in the continued computerisation of systems.

This position demands a high level of commitment, sharp business acumen and the ability to put creative thinking into practice.

Prospects are excellent and applicants between 30-40 yrs. should contact

(01) 409 1343 quoting ref. IT-10 or send details to:

Le Tissier Executive Selection, Ely House,
37 Dover Street, London W1X 3RB.

Le Tissier
Executive Selection

Accountancy Appointments

Group Chief Accountant

London SW1 **to £22,500 + car**

For an expanding private investment group with wide ranging business interests in Europe, North America and the Pacific.

As Group Chief Accountant you will head up a small team responsible for the prompt production of financial and management information to the Board, the year end consolidation, cash management and the preparation of budgets. You will also be concerned with a variety of special projects.

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VAMP HEALTH

THE ARTS

Los Angeles Theatre/Frank Lipsius

Hollywood's poor relations

Los Angeles residents used to say there was no theatre in LA. Now they admit, there is theatre, but claim they never go to see it. As a result, the theatre operates on the fringes of prosperity and poverty. On the one hand, many of the productions are Broadway imports, like *Cats*, or Broadway tryouts, like Neil Simon's new *Biloxi Blues*, bound for Broadway in the spring. On the other hand, Los Angeles has spawned its own form of theatre through "waiver houses," where seating of less than a 100 frees management from Equity rules and pay scales.

Theatre is surprisingly slighted in a city that is so caught up in entertainment. Film and television of course predominate, but successful films like *On Golden Pond*, *A Soldier's Story* and *Amadeus* all originated in theatres. But fundamentally, the theatre life of LA revolves round the needs of actors rather than writers.

In some ways, writers are lucky to be treated as casually as they are. Their plays, sometimes even skits, get performed at an earlier stage than they might in New York. Theatres hungry for material encourage writers with constant workshops and an endless stream of free performances, where audiences consist of the actors' friends and, they all hope, professionals looking for new talent. Even established performers hone their skills on untried plays just to get in front of live-audiences, an ambivalent advantage to writers who may not yet be ready for their big break. The results mirror the dominant industries of the city where the written word is so much fodder for the more obvious talents of actors and directors.

If experimentation is Los Angeles Theatre's forte, *Tamara*, subtitled "A Living Movie," has found its proper home. Originally produced in Toronto, John Krizanc's drama uses a whole house with numerous scenes taking place simultaneously in different rooms. The audience choose a character to follow and can switch by running out of a room with one they had not come in with. The idea itself is comic, as I noted in the main sitting room watching a character flee down a passageway with a dozen people in tow, frantically trying to keep up with the action.

The real star of the production is the house itself, a glorious old American Legion building that might have been inspired by William Randolph Hearst's mansion, San Simeon. The building perfectly suits the drama, with the Spanish central hall overhung with balconies and stately bedrooms, a large eerie auditorium, and a catacomb of cellar rooms fit for intrigue. Robert Checchi's design makes the most of the space and the play's setting in 1927 Italy, where Mussolini puts under house arrest Gabriele d'Annunzio, the charismatic Italian patriot. Devoting himself to seduction and intrigue, d'Annunzio invites Tamara de Lempicka, a Polish artist, to his mansion to set off the bizarre events of the evening.

Director Richard Rose manages to block the show to prevent too much traffic congestion but the play soon degenerates into seduction upstairs matched by seduction downstairs, as little happens lest anyone miss significant events in other rooms. The elegant local restaurant, Ma Maison, serves snacks and sweets in the interval, a reminder of Mussolini's comment about d'Annunzio that a rotten tooth should be extracted or filled with gold.

A cast change will soon bring to the production Karen Black and Anjelica Huston, making even more of a movie of the hybrid theatre.

When LA had no theatre, it still boasted the Mark Taper Forum, an originator of local productions, now presenting Marsha Norman's latest play, *Traveller in the Dark*. If the playwright took a wrong turn toward intellectual sensationalism in the suicide subject of *'night Mother*, the new play compounds the error with morbid unrewarding chat on a day of two funerals in rural New England.

While one of the funerals is passed over in a line of dialogue the other becomes the focus of the play. Len Cariou plays a surgeon ruminating before and after the funeral of his nurse, whom he has known all his life. In fact, she was in love with him, as is known by his wife and the surgeon's father, who is also the local preacher. Having such a tight-knit group does not prevent the play from falling into confusing references to unclear relations, like the preacher's real feelings about the dead nurse. Scott Grimes plays the surgeon's precocious son who asks a lot of cosmological questions and then is supposed to be wiser than his confused and frustrated father.

Miss Norman's first success, *Getting Out*, had both strong characters and religious overtones, while *Traveller in the Dark* pursues unanswerable questions to the detriment of character. Ming Cho Lee's evocative autumn New England set cannot overcome the leaden subject and director Gordon Davidson's succession of unanimated paired discussions.

The LA Theatre Works' world premiere of *Mizlansky/Zilinsky* puts the budding talents of playwright Jon Robin Baitzon in the hands of an excellent cast headed by Robert Hirschfield, *Hill Street Blues'* Leo Schnitz. The topical subject — film directors being drawn into tax-shelter film-making—would dissipate without the forceful presence of Al Ruscio as Mizlansky, a fast-talking hustler. Unnecessary changes of scene and a less than clear articulation of the business side of the tax-shelter show just how premature the staging is, while giving good value in the acting and Nina Ruscio's simple self-contained sets.

Deborah May and Len Cariou in Traveller in the Dark

Actor's Alley, a Sherman Oaks repertory company, alternates week-end performances of Art Buchwald's old comedy, *Sheep on the Runway*, with week-night skits gathered together as *Bits and Pieces*. The free evenings of skits emphasise the topicality of new works, with Vallie Ullman's two pieces that deal with the Olympics and Tennessee Williams' death. Jerry Erwin's *Baglady* uncovers two talented actors in Carol Sigurdson as the park-bench denizen and Tony Burton who disturbs her repose. The most accomplished short, John Jory's *Blondes*, pits a leggy Michele Rogers against a timid Raul Staggs, who succeeds against the odds in convincing the woman to go out with him. Theatre is at least alive—and struggling to get better, and bound surely to gain more attention in the surprisingly alien home of film and television.

Record Review/Dominic Gill

Disproportionate talents

Zoltán Kocsis in concert: Hungaroton SLPX 12239.

Grieg: Piano sonata op. 7; Lyric Pieces op. 7 and 43. Zoltán Kocsis. Hungaroton SLPD 12630.

Mozart: Piano concertos K414 and K488. Zoltán Kocsis, Liszt Ferenc Chamber Orchestra/Rolla. Hungaroton SLPD 12472.

I have many times remarked in these pages on the dozens of accomplished young Hungarian instrumental virtuosos who in quite disproportionate numbers (the total population of Hungary is slightly less than that of Greater London) throng each year from the doors of the Liszt Academy in Budapest. It is sad that so few of them are heard regularly in person in England; but the state record company Hungaroton treats most of them well, and allocates to the best of the nation's artists generous recording time. (Hungaroton discs are generally found at or ordered through most dealers without difficulty—queries may be addressed to the UK distributors, Conifer Ltd., Horton Road, West Drayton, Middx. UB7 8JL.)

Of the trio of remarkable young Hungarian pianists, Zoltán Kocsis, Dezső Ránki and András Schiff, who came to prominence during the 1970s, Kocsis is perhaps the most colourful, individual and surprising. Like all great artists who have, and project in their art, a powerful sense of theatre and occasion, Kocsis is particularly difficult to capture on disc; but some at least of the flavour and the range of his playing can be got from Hungaroton's Kocsis sampler—a selection of live recital and studio performances recorded between 1971 when Kocsis was still in his teens, and 1978 (dryly characterised by the Bartók scholar András Wilheim in his sleeve-note as an "*objet trouvé*, a concert that never took place").

We have a pair of Schubert Impromptus and a trio of Rakhmaninov pieces, wild and brilliantly incisive, and an exuberant Liszt *Csárdás obstiné* full of flying colours, driven to the limits of rhythmical and tonal obstinacy, all taken at a recital six years ago in the hall of the Liszt Academy in front of an audience whose audible excitement is barely contained. There is also a powerful Chopin G minor Ballade, and an exhilarating *Venezia e Napoli* from Liszt's *Années de pèlerinage*. Most valuable of all is a studio recording dating from 1971 of the rarely performed (merely because, I have always assumed, so fiendishly difficult) but wonderfully rewarding three Bartók Studies op 18—the second of which especially is one of the most haunting and dramatic pieces of Bartókian night music for any instrument (the only version of the op 18 Studies currently listed in the catalogue, by Kocsis's compatriot Gábor Gábos, has no more than a fraction of the same high-voltage charge).

Kocsis's gifts, however, are still more amply illustrated, and in closer focus, by his Grieg record. The first (and on the keyboard also the last) attempt which Grieg made to wrestle with the demands of a classical sonata form is given a fine, full-blown performance — and that "open-air freshness" which commentators routinely discover in the piece is blended by Kocsis with a gentle, wicked perfume, powerfully insinuating and much more to the point.

But he shows his real mastery in the Lyric Pieces: that series of 60-odd keyboard miniatures spread over seven opus numbers, 10 books, and 34 years which contain, like the songs, the distilled essence of Grieg. From the smallest gesture Kocsis unwinds a wealth of colour and meaning: the wonderful rhythmic subtlety of the little Waltz from op 12, darkly shaded, deeply melancholy; the *Alfedans* of the same set, a tiny *scena* barely 30 seconds long and over almost before its effect is perceived, flashing past like a bird in flight. He fills out even the familiar salon lollipops with gentle radiance: "To the Spring," "Butterfly" and "Little Bird," deftly elegant miniatures whose ripples spread far more widely than their size or form ever implies. And in all this there is not a trace of side or pretension: only the closest focus, and an unrelenting command of the microscopic fabric of the music.

Kocsis's record of Mozart's two A major concertos — K414 from 1782 and the "great" A major K488, both with the excellent Franz Liszt Chamber Orchestra — has been one of my favourite discs for several months. His account of K488 in particular has a marvellous combination of muscle and subtle, translucent inflection: there is plenty of momentum to his adagio, and also the greatest freedom (as well as some very fancy, and in spirit absolutely Mozartian, pedalling); few pianists realise quite so well (and few conductors either as well here as Janos Rolla) how much pure, unstoppable fun there can be in a "serious" Mozart finale.

Romantics come out in force

Romantics were out in force at Phillips yesterday which was selling second hand Valentines. There was little interest in the "humorous" cards — a mechanical Valentine of around 1870 with a facetious message was sold for £15—but the more loving cards were at least doubling their estimates.

A puzzle verse of 1827 went for £160 as did a pair, dating from around 1830. There were many American buyers in the room and all the 450 lots sold, for a total of £8,034. A typical price was the £110 paid, as as against a £30 forecast, for an 1845 scene of young lovers which lifted up to reveal a church scene.

Auctions elsewhere went very much as expected. Sotheby's sold Victorian pictures for £189,073, with 11.5 per cent unsold. The top price was the £8,580 for a badly damaged painting of a racehorse by Harry Hall. Sotheby's had put a top estimate of £900 on the lot but obviously there were two keen buyers for a poor quality work by an appreciating artist.

Another equestrian picture, by John Emms, was also four times forecast at £6,380, while another, of two hunters, made £4,950, also way up on target.

In an Islamic auction at Sotheby's a Russian needlework carpet did well at £4,400 as did a Tabriz carpet.

Top price of the day was paid at Christie's, £15,120 for a Fabergé service of 11 pieces. An unusual eight light candelabra made £6,696 in the Russian auction, which totalled £98,701. A pair of Imperial porcelain gilt vases, made in St Petersburg around 1840, were bought in at £4,000.

ANTONY THORNCROFT

Ceremonies/The Place

Michael Coveney

I sincerely hope that the July London International Festival of Theatre (LIFT) has more substantial fare on offer than this curtain-raiser from Great Chute Libre, a French outfit whose imagistic, nebulous style of work might not survive even the most generous of sympathetic contemporary expectations.

The scene is an hotel lobby, and the randomly selected, curiously surreal events (Delvaux meets Magritte, only 50 years too late) are supported by a musical soundtrack and performance ranging from blues to Schubert to Schoenberg. Which, you will agree, just about covers everything. At least the piano playing and fraternal Marxian oddness of Trevor Smith is a constant joy.

No sign of this troupe's latching onto the sort of textual or political hardware that might activate the obvious talents involved: they visited the LIFT festival of 1981 but they seem, since then, to have acquired rather grandiose design notions to go with a receding intellectual content.

The Grand Hotel lobby setting, for a start, is somewhat threadbare. And from early on in the proceedings it is hard to define the exact significance of a baby's charred corpse sticking up under our noses. There is a stunning entrance—of a girl in tangerine—and an old-fashioned whiff of the avant garde in the sight of a Man with a Flower in his Mouth and a pianist who lies flat out, and back to front, across his well-tuned grand.

But really, this is the sort of take-it-or-leave-it event that defies what in other circumstances might pass for sensible criticism and which, I am afraid, leaves me untouched by its doggedly camp obscurantism and tired Genetesque hints of sex changes in the lobby, unresolved chess manoeuvres and lazily efficient hat-box handling.

Dominique Leconte's direction is of the standard to flatter a real text by Tennessee Williams or Thomas Kyd. There are remarkable visual images—of strewn flowers, of revolving doors in the predominantly grey and out-of-season coastal resort. But such talent and such vision must be applied to larger, more resonant projects.

Grants rise below 2%

The Arts Council yesterday announced its 1985-86 grants for its four major clients—and they all receive an increase of just less than 2 per cent. The Royal Opera House, Covent Garden, gets £12,593,000; the National Theatre, £6,705,200 (more for touring); the English National Opera £6,034,500; and the Royal Shakespeare Company £4,977,000, again with some extra cash for tours.

Mr Luke Rittner, director-general of the council, in announcing the grants, went out of his way to confirm their inadequacy: the council was restricted by the size of its subsidy from the Government, which, apart from earmarked money, was only 2 per cent higher than in the present year.

The council is making representations to the Government and is well aware that at least one of the four national companies, the ENO, may have to cut back on its activities.

The council also announced yesterday that the 12 regional arts associations would share between them £11,766,700, a 2 per cent rise.

First fruit from the council garden

In what Sir William Rees-Mogg of the Arts Council has described as "the first fruit of *The Glory of the Garden*," the London Sinfonietta is to be the first recipient of a challenge sponsorship.

It was announced on Wednesday that IBM UK is to sponsor the orchestra to the sum of £50,000, which will be matched by a challenge grant from the Arts Council. The total will be spread over three years, beginning in autumn 1985.

The challenge sponsorship has already been earmarked to enable the Sinfonietta to commission work from three distinguished composers: Gyorgy Kurtag, Steve Reich and Hans Werner Henze—the last having enjoyed a particularly close relationship with the ensemble for some years.

Besides commissions, the grant will contribute to promoting at least one annual concert for forces larger than those usually dictated by financial limitations; the restructuring of the Sinfonietta's marketing and public relations activities; and general funding for the costly business of performing modern music with its stringent demands on equipment and rehearsal time.

Now in the throes of its successful 1985 series, the Sinfonietta has emerged since its inception in 1968 as the foremost promoter of new music in Britain. Based at Kingston Polytechnic, it is the only orchestra resident at a polytechnic or university in the country. Its uncompromising repertory underlines the problems of funding modern work. "Beethoven and Solti market themselves," Sir William said, while emphasising that while the mechanics of funding the big institutions remained intact in periods of economic strain, there were deficiencies in the marketing of newer organisations.

The attitude of IBM, with its interest in the audience of the future and the large numbers of young people attending both Sinfonietta series and the recent Stockhausen festival, "underlies the whole concept of *The Glory of the Garden*."

MARTIN HOYLE

London Philharmonic/Festival Hall

David Murray

The Fourth Symphony of Bruckner was one of Klaus Tennstedt's first great successes in London, and Alfred Brendel's mastery of Beethoven's Fourth Piano Concerto has long been admired (not that he always plays it the same way!). We heard them again in Tuesday's London Philharmonic concert, and there was no cause for disappointment. If Tennstedt had nothing specially vital to contribute to the Beethoven, Brendel's authority was more than sufficient to carry it; and with the Bruckner it was clear from the start that the conductor's exemplary affection for the work is fresh as ever.

In recent years Brendel has often cultivated a noticeably percussive tone, only too apt for the pedagogical point-making which is his occasional failing. There was none of that in this G major Concerto, not even in the bright Finale. The piano sounded silvery-soft, sometimes ethereal — though always lucid; the intimate quality of the solo writing was never betrayed. Traces of excited fluster in the orchestra (no doubt Bruckner got more rehearsal) made the impression more vivid by contrast, and they did no harm. In the famous dialogue between strings and piano in the Andante, Brendel's part was all sweet reasoning without any anxious pleas, and the Finale was a light, celestial dance.

Tennstedt has a gift for securing a simple, rustic note in the Bruckner Fourth—a convincing naturalness that does infinitely more for the music than portentous weight or whipped-up drama. Again he scattered little touches of colour throughout the first movement, suggesting vernal life *al fresco* without blurring the unhurried argument.

Hamlet/Young Vic

Martin Hoyle

Having been immensely impressed by Matthew Marsh as the South African dissident Albie Sachs, I must reserve judgment on his Danish prince; not simply because the demands of time caused me to miss the last few minutes of the play but because his sporadic moments of power and intelligence have yet to coalesce—as they surely will—into a consistent and coherent whole.

As yet this not noticeably sweet prince seems to take his cue from the comic-strip simplification of the programme-notes which manage to get the name of Shakespeare's son wrong to make a political point. This is an argumentative young man whose occasional passion (as in the closet scene with Gertrude) is all on the surface. There are no overtones, no ambiguities; and a Hamlet without irony, the ability to mock himself as well as others, without self-awareness, in fact, almost deprives the character of his central dilemma.

This Hamlet shows little of the dithering, the anguished consciousness of his own inertia. The lack of depth comes out in the extremes of Mr Marsh's style: the muted beginning, the characteristic note of puzzled reasonableness, and the shouted rage of "damned smiling villain"—with nothing convincing in between, certainly no sardonic humour.

Not that this tough, thoughtful approach is ineffective in David Thacker's modern production with its inevitable military uniforms and all-purpose dark space, platform and back gallery. Drawn daggers go uneasily with lounge suits, even lounge suits without shirt or shoes (to convey madness). The stylised jolts against the naturalistic when Hamlet rasps out his hesitation over killing Claudius while practically standing on top of the obliviously praying king.

Despite being under-directed, Jonathan Burn's teddy-bear Claudius opts for the naturalistic when he can; his conversational tone can be expressive or trivial; his nervous wiping of invisibly stained hands recalls another tragedy of northern royalty; and he comes into his own when darting a slyly calculating look at Laertes during the account of Ophelia's death. Here is a political opportunist in the making, the not too bright head of some precarious junta.

Natasha Richardson is moving in Ophelia's madness and convincingly vulnerable throughout; as her father Michael Cronin is a more understated Polonius than some: his pompous prolixity sounds familiar from perorations broadcast from the mother of parliaments.

The production, like its protagonist, is certainly not passion's slave. The mimed play-scene in Jacobean costume is stately, graceful, lovely to look at and totally without tension. If pace and rhythm could be varied the whole might yet equal the sum of its parts.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Feb 1–7

Exhibitions

PARIS

Hans Holbein the Younger (1497-1543): Thanks to the acquisitions by Louis XIV, the Louvre boasts one of the richest and rarest collections of the court painter of Henry VIII. Five of his masterpieces, portraits of Erasmus and Anne of Cleves among others, retrace his artistic development, accompanied by several drawings of equally prime importance. The exhibition is completed by paintings from the royal collections thought, mistakenly, to be by Holbein. Louvre, Pavillon de Flore, Porte Jaujard (260 3926). Closed Tue, Ends April 15.

Degas: His portrait of Diego Martelli and his astonishing Bureau des Cotons, with his Carnet 18 to be seen for the first and last time page by page, form the highlights of a vast exhibition of the master's sculptures, paintings, lithographs. Centre Culturel du Marais, 20-28 Rue des Francs-Bourgeois (272.73.52). Every day from 10am till 7pm. Ends March 3.

Magritte: Paintings, drawings, gouaches and collages, including La Grande Famille, by the Belgian surrealist celebrate the fifth anniversary of the Centre Cultural Wallonie-Bruxelles. 127-129 Rue Saint-Martin (271 26 16). Ends Feb 10.

WEST GERMANY

Hannover, Forum des Landesmuseums, 8 Am Markte: Berlin Art between 1770 and 1930 has 200 bronze, gypsum, ceramic and china sculptures by artists ranging from Gottfried Schadow to Georg Kolbe. Ends Feb 17.

Bremen, Kunsthalle, 207 Am Wall: Watercolours from the 16th century including Albrecht Dürer, Eugene Delacroix and Emil Nolde. Ends Feb 24

Nuremberg, Germanisches Nationalmuseum: Masterpieces of the 20th Century, from the private collection of the German industrialist Thyssen-Bornemisza. Manet, Gauguin, Bonnard, Mondrian, Picasso, Van Gogh, Schwitters, as well as Russian constructivists. Ends March 24.

Düsseldorf, Stadtmuseum, Backerstr. 7-9: "A land at the Centre of Power." 900 paintings and documents covering the cultural history of the "Herzogtumer" (duchy) and its main centres Julich, Kleve and Berg. Ends Feb 24.

Düsseldorf, Kunstpalast, Ehrenhof 4: The British sculptor Anthony Caro, 60, who once assisted Henry Moore, exhibits his scrap metal sculptures. The 40 works include all his attempts with scrap since 1969. Düsseldorf will be the only German venue. Ends March 3.

LONDON

The Royal Academy: Marc Chagall – a full retrospective (organised by the academy in association with the Philadelphia Museum of Art, to which it travels later in the year) of the work of one of the most popular masters of modernism, still at work in his 98th year and last survivor of the artists' Paris of its great period before the first world war.

Chagall, for all his popularity, has remained a maverick artist, idiosyncratic and independent, and hard to categorise. We now see, however, that he has always been a good artist, and at times, most notably in that first time in Paris after 1910, a great one. The work of his extreme old age, moreover, does him more than credit, representing no falling off in its technical command or imaginative authority, but simply a restatement of the poetic images and ideas that have always haunted him and he has made his own – the soaring and floating lovers, the clowns and musicians, the flowers and trees, and that strange, colourful domestic bestiary of cocks and hens, goats, cows and asses.

ITALY

Naples: Museo di Capodimonte: 'Naples in the 17th Century': for lovers of Baroque. An exuberant exhibition of paintings, marbles, silver and furniture dating from a period when the city was the second in Europe after Paris. Ends April 14.

Venice: Museo Correr (Ala Napoleonica): An unusual exhibition of unrealised projects for Venice, including Palladio and Le Corbusier, and some less so but all of interest. Until End of Feb.

Turin: at the 'Lingotto': German art between the 16th and the 20th centuries: paintings, engravings and sculpture, among them works by Durer and Holbein. Ends Feb 10.

Rome: Galleria Giulia, Via Giulia 148: 50 works by the German expressionist painter Otto Dix, covering the period 1914 to 1965. Not for weak stomachs: Dix looks at Germany in the post-war period with a jaundiced and unpitying eye, but whereas the irony in this first section of the exhibition is entertaining, the room devoted to his beautifully drawn series on the horrors and privations of trench warfare is less so. Ends Feb 20.

Herculaneum (Naples) Villa Campolieto: An exhibition entitled Terrae Motus – of modern paintings which are the beginnings of a new contemporary arts centre here: works by Warhol, Pistoletto, Beuys, Mapplethorpe, Twombly and Haring. Until April.

Syracuse (Sicily) Palazzo Bellomo: An important collection of paintings by Caravaggio: Focal point is the huge painting The Burial of Santa Lucia – patron saint of Syracuse – painted in 1608, when Caravaggio returned to Sicily after 14 years in Rome. Until Easter.

NETHERLANDS

Utrecht, Central Museum. Rare silver of the Golden Age. The Van Vianen family of Utrecht provided the country's leading silversmiths for much of the 17th century. The 60 objects from London, Vienna, Leningrad, Berlin, Paris and Amsterdam inevitably focus on the work of Adam and Paulus Van Vianen, whose introduction of the auricular style and emphasis on the sculptural qualities of silver brought about a break with the past. Ornate, yet graceful cups and ewers contrast with superbly chased tazzas and plaques depicting mythological and biblical scenes in low relief. The dazzling display is complemented by 17th-century paintings and drawings in which the Van Vianens' creations featured as sumptuous accessories. Ends Feb 10 (closed Mon).

CHICAGO

Art Institute: 82 great architectural drawings cover the last five centuries in this show lent by the Royal Institute of British Architects. Ends Mar 31.

WASHINGTON

National Museum of American Art: 49 works by five 19th century black artists highligh a show of a little-known area of American art. It reminds the world of Joshua Johnson, the first recognised black American portrait painter; Henry Ossawa Tanner, a student of Thomas Eakins and neo-classical sculptress Edmonia Lewis. Ends April 7.

TOKYO

Great Kabuki Actors in Ukiyo-E: This exhibition marks the Kabuki convention of awarding exceptional actors with names of of honour. Only 12 actors in the last 300 years have merited the title Danjuro. To celebrate the forthcoming accession of Ichikawa to the title Danjuro XII, these paintings of previous incumbents show not only the significance of the title but the close ties between Kabuki and art even today. Riccar Art Museum, Ginza, Ends Feb 24.

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Veiled threat to the Fed

AT FIRST sight, the criticisms of the Federal Reserve Board in the annual report of President Reagan's Council of Economic Advisers look friendly, and concerned mainly with arcane technicalities; but as is clearer, perhaps, from the covering letter signed by Mr Reagan himself, this could be the first shot in a campaign to bring the Fed more directly under Administration control. This has long been an obsession of the supply-side lunatic fringe of the President's supporters, and Representative Jack Kemp, the current keeper of the supply-side Ark, is sponsoring a Bill to that effect in Congress. Nobody worries much at present about Mr Kemp; but if the international financial community decides that the President is joining the campaign against the world's favourite central banker, the kind of worrying that moves markets could break out before long.

It may seem extraordinary that a body with the Fed's record—accommodating a rapid recovery with falling inflation, and managing a grave incipient banking crisis with the greatest skill—could come under fire; but the doctrinaire disputes among technical monetarists are marked everywhere by the kind of bitterness which inspired the burning of heretics in another age.

Influential

To a true believer, Mr Volcker stands convicted not only of controversial management in 1981-82, while the President and his advisers were dismayed to find that the first result of their policies was an acute recession; he is also doctrinally impure. He is a pragmatist in technical matters, trimming his monetary management to what he sees as the needs of the real economy, and learning from experience.

He is also a persistent and influential critic of Mr Reagan's fiscal policies, and especially of the foreign deficit. He was saying as much, yet again, in Congress on Tuesday just as the Economic Report was being issued.

The actual management changes proposed look technically odd but not perhaps indefensible; a range which allows more room for manoeuvre in the early months of a policy year has some appeal when seasonal adjustment is such a hit-or-miss affair, though the idea will look more natural to market chartists than to economic analysts. No doubt we will all have to learn the language as the proponents of parallel lines—the new idea—battle it out with the defenders of the Fed's tradition cone-shaped targets, like the Big-Endians and Little-Endians in Swift. Stripped of jargon, the new proposals would result in a more relaxed monetary policy, adding plausibility to the joke definition of Mr Reagan's brand of monetarism: sound money and plenty of it.

Respected

However, the constitutional issue has serious internatonal implications. The Fed is not only respected for its domestic skills, but regarded as the internationally aware branch of the official U.S. economic establishment. Mr Volcker's criticism's of U.S. fiscal policy largely echo those of finance ministers in other countries; but his monetary management has made their citizens willing to lend to the U.S.

That confidence might quite quickly be undermined if the Fed, under Administration pressure, consented to a policy of sustaining the U.S. recovery by accelerated money growth while the politicians wrestle ineffectively with the deficit. Foreign central banks and finance ministers would also fear the loss of an understanding and influential body in Washington with which to discuss policy. Even the veiled threat is disturbing.

The Fed's stoutest supporter would not, of course, pretend that its policies have been faultless. The Volcker revolutions proved very disruptive at first, and we have often argued that the Fed should give a greater weight in its policies to its role as the manager of a world currency. However, all the recent signs are that the Fed is learning from its experiences, easing policy partly because the economy has slowed and partly to check the dollar's strength, and managing a difficult transition fairly smoothly and subtly. This is not the moment to drop the pilot.

Double standards on utility prices

THE HOUSE of Commons debate on water rates today is likely to focus on such emotive questions as whether the Treasury has any right to impose a "tax" on water. It is unlikely, unfortunately, to shed much light on an underlying and fascinating question: why does the Treasury, which houses a group of administrators and economists of above-average ability, make such a hash, year-in year-out, of supervising nationalised industries? As a supplementary question, why do Treasury ministers so often take irrational steps to hold down public spending?

NO 21—8/9½

It is possible some of the furore over water charges was accidental, reflecting the fact that the Treasury initially met less opposition than it expected from the water authorities. The Treasury's demand that water rates rise by 10 to 13 per cent, nearly three times the rate of inflation, may have been only a tough initial negotiating stance. It might have been prepared to compromise on a 6 to 7 per cent increase and a less onerous external financing limit for 1985-86. Yet the Treasury's dominance is such that, but for the revolt by Mr Roy Watts, chairman of Thames Water, the negotiating stance would have been passively accepted: nine water authorities capitulated without a struggle.

Higher charges

Even a 6 to 7 per cent rise in water charges would not have pleased Mr Watts who believes an increase of only 3 per cent is required. Who is to say the Treasury is right and, even if it is correct, who is to say its view must prevail? The Government has made much of its policy of hiring competent managers to run nationalised industries like businesses. How can a manager be expected to succeed if every time there is a squeeze on public expenditure, civil servants wade in demanding higher rates of return and higher charges?

The fact that the Treasury still wants to regulate some public utilities simply by setting rate of return targets shows gross inconsistency. When the flotation of British Telecom was under discussion, outside experts succeeded in convincing Government that the best way to make monopolies efficient is to limit the rate at which they can increase their charges. The Government is in danger of arguing that BT will become more efficient because its tariff increases will be held below the rise in the cost of living whereas Thames Water will become more efficient because its charges will rise twice as fast as inflation.

Red herring

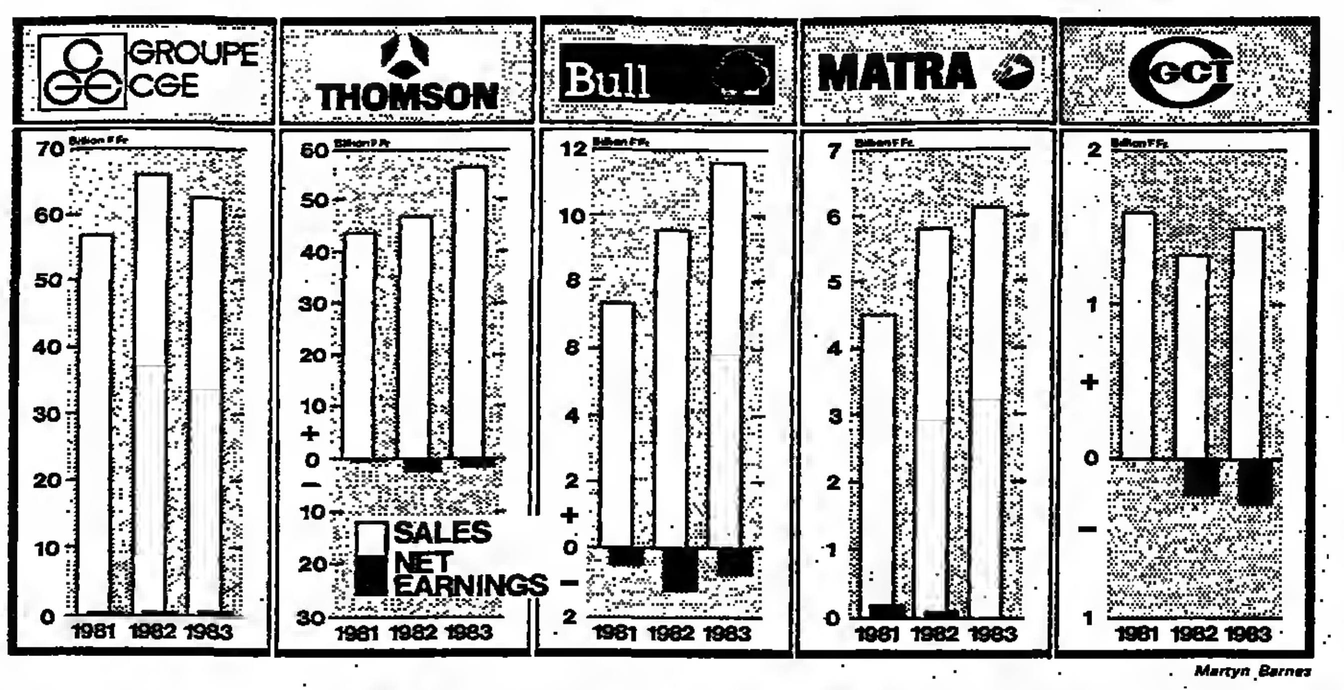
The Treasury is also imposing double standards wen it insists that current cost accounting (CCA) rules be used in the calculation of rates of return. The Chancellor, who preaches fiscal neutrality, is here adopting an accounting standards only when it suits him: CCA is rejected for the purposes of corporation tax because it might reduce the yield but adopted in this instance because the Treasury stands to raise more cash. In any case, it is strange that the Government should stipulate CCA rates of return when it is now unsure whether the convention is useful.

The debate over accounting principles is in any case a red herring. The point is not whether the Treasury asks Thames Water to make a 1 per cent return on current-cost assets or a 15 per cent return on historiclcost assets but who gets the cash from higher water charges. If the Treasury simply wanted Thames to make a higher return it could tell Mr Watts to spend the extra cash in any way he chooses. But in fact the cash will go to the Exhequer and so it is undeniable that Mr Watts is being used as an unofficial tax collector. If the Government has to raise extra cash, it ought to be open about what it is doing.

FRANCE'S ELECTRONICS INDUSTRY

The euphoria is over

By Guy de Jonquieres in London and Paul Betts in Paris



TWO-AND-A-HALF years ago, still flushed with the after-glow of electoral victory, President Mitterrand's government set out an ambitious agenda for France's newly-nationalised electronics industries. Backed up by an expansionist "go-it-alone" policy, the industries were to create 200,000 new jobs and a FFr 30bn (£2.74bn) trade surplus by 1990, transforming France into Europe's high-technology leader.

This euphoric vision has, however, rapidly foundered as several major nationalised groups have plunged into loss, necessitating a succession of state-backed rescue operations. The previous industry targets have been revised downwards or dropped, and tighter management disciplines and financial self-sufficiency have replaced growth at any price as the most urgent priority.

Yet the cost of supporting the nationalised electronics industries continues to weigh heavily on the French government. This week, it announced plans to inject a further FFr 2.75bn into three loss-making state-owned groups, Thomson, the defence and consumer electronics company, computer maker Bull and CGCT, a former subsidiary of ITT of the U.S., which was nationalised amid much acrimony in 1982. Last year, the three received grants of FFr 3bn.

In spite of such largesse, many French electronics and telecommunications companies still face tough challenges. A weak home market and mounting union opposition to job losses make it increasingly important to seek growth internationally. Yet official orthodoxy discourages industrial alliances with U.S. and Japanese companies, preferring a strategy of European collaboration.

A modest success has been scored on this front with the recent agreement between France's Cit Alcatel, West Germany's Siemens, Italy's Italtel and Britain's Plessey to co-operate on research and development in public telecommunications. But the link-up seems unlikely to produce any real commercial benefits before the 1990s at the earliest.

France's emphasis on European co-operation has not entirely prevented transatlantic industrial link-ups. French state-owned companies including Compagnie Générale d'Electricité (CGE), which is Cit Alcatel's main shareholder, Bull and Thomson have all signed technical co-operation agreements with American partners including Wang, Hewlett-Packard and Xerox. French companies have also acquired equity interests in several small U.S. electronics concerns.

But the scope of such industrial agreements remains limited, often amounting to little more than basic technical collaboration deals. The Mitterrand Government, which has bitterly condemned the links forged recently by Italy's Olivetti and the Dutch Philips group with American Telephone and Telegraph, opposes grand strategic alliances with U.S. partners unless French companies are assured of holding the whip hand.

Equipping the French industry with the muscle needed to bargain with foreign rivals from a position of strength was a prime goal of a government-backed reorganisation of the sector 18 months ago, which involved an extensive exchange of assets between CGE and Thomson.

M Laurent Fabius, then Industry Ministry, asserted that the deal would improve the two companies' profitability and help make France "the third electronic nation in the world" after the U.S. and Japan. Much was also made of claims that the reorganisation would save jobs.

The reorganisation was, however, strongly opposed by the Direction Générale des Télécommunications (DGT), the state telecommunications authority. It objected that the central element—the merger of Thomson's loss-making telecommunications business with Cit Alcatel under the latter's management control—would eliminate competition between its two main equipment suppliers.

The restructuring has been slow so far to fulfil the objectives set for it. The merged Alcatel Thomson group is still a long way from integrating its separate telecommunications businesses—long bitter rivals—and has announced plans to shed 3,200 jobs.

Moreover, the state has been obliged to step in to bail out LTT, an equipment-making subsidiary of Thomson Telecommunications, a provisional holding company set up as part of the merger. So far, Frs 125m in state capital has been injected to cover mounting losses at LTT, and some reports suggest that the total cost of the rescue could reach Frs 1bn over three years.

The capital was provided by the DGT, which was reluctantly obliged last year to take over from the central government the financing of the *filière electronique*, the national electronics policy.

Originally intended to boost France's technological high-flyers, the *filière electronique* has been used increasingly to prop up lame ducks. Half the Frs 3.4bn funds dispensed last year went to cover operating losses at nationalised companies including Bull, the main Thomson group and CGCT.

In the case of both LTT and CGCT, the DGT is cast in a particularly awkward role, since it is being obliged to shore up financially equipment suppliers from which it is also seeking to obtain the best value for money.

A policy originally intended to boost high-flyers has been used increasingly to prop up the lame ducks

Cit Alcatel itself continues to report profits and still claims the world record for digital public exchange orders. But much of its impressive growth in the past decade was provided by massive state investments to modernise France's public telephone network, which have now peaked out. Though exports account for about one-third of its turnover, it won no new foreign orders last year.

"We have had great difficulty compensating for the reduction in our home market through international sales," says M Christian Fayard, head of Cit Alcatel's public telecommunications division. Some government officials privately accuse the company of not investing enough to maintain the technological superiority which its E.10 digital exchange enjoyed in the 1970s.

M Jacques Dondoux, head of the DGT, has little patience with industry leaders who blame his organisation for cutting back on orders. He says that manufacturers are at fault for failing to adapt to demand, which has shifted away from public network equipment in favour of terminals. "It's not my job to run the industry," he retorts.

Alcatel Thomson's hopes for future expansion are pinned heavily on the Far East—where it has won a FFr 500m order in China—and the U.S., where it has won orders worth about $10m. But the speed at which the China market will grow is still uncertain, while in the U.S., competition from AT&T, Canada's Northern Telecom and European manufacturers such as Sweden's L. M. Ericsson is growing intense.

Mr James Carreker, a telecommunications expert with Dataquest, a U.S. market research and consultancy company, says Cit Alcatel will need to step up substantially its American marketing effort.

All this still leaves the DGT looking for the second equipment supplies it wants to compete with Alcatel Thomson. M Dondoux, who calls himself "an apostle of Europe," wants to open the French market to other European manufacturers through bilateral agreements on reciprocal equipment purchases.

But so far, little headway has been achieved. Earlier French plans to collaborate with West Germany on a mobile telephone network have been deferred, mainly for technical reasons. Hopes of a deal with the UK have been dashed by British Telecom's recent exclusion of Cit Alcatel from its shortlist of international bidders for exchange orders. The rejection has caused deep resentment

M Dondoux says he is ready to buy exchanges from Italy's Italtel, which has agreed to standardise sub-assemblies with Thomson Alcatel. But this seems unlikely to provide a complete solution. M Fayard of Cit Alcatel says progress with Italtel will be made "in small steps."

The remaining option would be a deal to enable CGCT to make foreign exchanges under licence. CGCT, which currently makes Thomson MT digital exchanges and has 16 per cent of the French market, was deliberately left out of the Alcatel Thomson merger with such an arrangement in view.

CGCT badly needs a partner. It has lost money almost every year since 1976 and is still beset with financial problems. These have been compounded by FFr 600m losses on a Kuwait cable-laying contract won by a subsidiary. To staunch the red ink, CGCT plans to lay off 1,200 of its 8,300 staff and sell its Paris headquarters.

M Claude Vincent, head of CGCT, would ideally like to do a deal which provided access to international markets. Ironically, he is closely watching ITT, CGCT's former parent, which plans to sell shares in some of its international communications businesses. If ITT went as far as to dispose of some of its European businesses completely, CGCT might seek to ally itself with other former ITT subsidiaries.

The state's heavy involvement in the telecommunications industry is causing concern at Jeaumont-Schneider, the only sizeable privately-owned French apparatus supplier, which already has a technical agreement with Wang and is seeking to expand in the U.S.

The leader in the French private exchange (PABX) market until the Alcatel Thomson merger, Jeaumont-Schneider claims that its nationalised rivals enjoy unfair advantages. "I doubt if they could sell at their current prices without state support," says M Paul Denis, head of its telecommunications business.

In theory, subsidies to cover losses by nationalised electronics companies should cease after the end of this year. By then, the Government says it expects them to operate in the black. Some are making faster progress than others.

Matra, the space and defence contractor 51 per cent owned by the state, has stayed profitable. But its performance has deteriorated, partly because of large losses in the personal computer market, which it recently re-entered after beating a disorderly retreat.

Thomson expects to be back in profit next year, largely on the strength of its large defence electronics business, which has won a huge order from Saudi Arabia. However, consumer electronics, its other main activity, still suffers from excess capacity, weak demand and fierce competition from the Far East. Thomson is also investing heavily in microchip production.

Computer group Bull is expected to report a loss of less than Frs 450m for last year, down from Frs 625m in 1983 and Frs 1.35bn in 1982. However, according to government sources, it is seeking to shed as many as 1,500 staff at its subsidiaries, on top of 700 job cuts already announced.

A new management has shaken up Bull's operations and applied tougher commercial disciplines. But like Britain's ICL, it remains acutely worried by competition from IBM of the U.S., which is making huge strides into the French market.

Bull tried unsuccessfully last year to persuade French officials to oppose IBM's participation in Esprit, the EEC-backed electronics research programme. But the Government refused because it feared incurring the displeasure of IBM, which is one of France's largest taxpayers

How firmly the Government enforces its profit targets for nationalised companies may depend as much on political calculations as on industrial policy, however. Trades unions, already disenchanted at the failure of its electronics policy to produce promised jobs, are increasingly protesting at staff cuts planned by nationalised companies.

With parliamentary elections due next year, the Government may well be reluctant to take any measures which would further jeopardise employment in what are supposed to be France's main growth industries of the future. Whether it will also be prepared to adopt a more indulgent stance towards industrial alliances with transatlantic partners remains to be seen.

Men and Matters

President's pay check

Remember the shining example of thrift that was to be set by President Ronald Reagan? He was reported in December to have volunteered, with his Cabinet, for a 10 per cent pay cut as part of his crackdown on Government spending.

But this noble sacrifice is nowhere to be found in this week's U.S. Budget, though it still calls for a 5 per cent pay cut for one million less exalted government employees.

The White House now insists that though Reagan's offer was widely reported, he never actually made it. What is more, it says the U.S. constitution forbids any change upwards or downwards in Reagan's $200,000-a-year salary during his term of office.

The founding fathers' idea, apparently, was to stop Congress threatening to cut a President's salary if he did not do what it wanted, or trying to bribe him with an increase.

Could not he then just accept his salary and send the Government a cheque for the 10 per cent? Well, yes, that is exactly what he is planning to do. The White House says that if a cut goes through for other Federal employees, Reagan will send the same percentage of his own pay to the Treasury's Fund to Retire the National Debt. Other Cabinet members will simply take the pay cut.

Members of Congress will have to make up their own minds on how to allocate the 10 per cent cut in their resources that the Budget proposes. But, unlike Reagan, they have already had a pay increase this year—up by 3 per cent to $75,100 a year.

"Amazing operation—not a single casualty—not a memo leaked"

Paper chase

Former Mirror group and Abbey National supremo, Clive Thornton, has succeeded in raising £70,000 to put together a prototype for a new Sunday newspaper. Some £40,000 has come from the Greater London Enterprise Board; £7,000 from the Transport and General Workers' Union. Thornton, his partners and other unions have contributed the rest.

If the dummy run is successful this autumn, Thornton hopes to launch the real thing sometime next year—at an estimated cost of £4m.

The idea is that the paper should have a left-wing bias—"purely because, as a businessman, that's where I think there is a gap in the market," he says.

Target would be an initial readership of 300,000; and there is talk of raising part of the necessary finance by offering potential readers shares in the paper.

There is also firm determination that the paper should never be ruled by one individual, "however commendable he may be." Thornton, ousted from the Mirror when it was bought by Robert Maxwell's Pergamon Press last year, says it is "very difficult for someone who owns a newspaper to resist the temptation to turn it into his own mouthpiece."

On his toes

Betty Grable insured her legs for millions of dollars—Tory Employment Minister, Peter Bottomley, is more modestly insuring his toes for £5,000.

Not that Parliament's 40-year-old former swimming champion needs to tread with more than a politician's usual care these days. He sits on a 7,500 majority at Eltham; he has left the side of Social Services Secretary, Norman Fowler, the next likely target for demos; and though the employment patch is still rough, there is less bovver there than there used to be.

But, with responsibility for health and safety at work, Bottomley recently acquired a pair of shoes with reinforced toe-caps. With them came the insurance, guaranteeing him £20 a week if his toes should be damaged while wearing them.

"Up to now," he says, "I've found them very useful protection in the Commons' division lobby. With our majority, you're likely to be trampled underfoot at every vote."

Swett band

Francisco Swett, Ecuador's minister of finance—and, at the age of 37, youngest member of the Cabinet—is visiting London, Frankfurt and Paris to talk to bankers about the new financial orthodoxy adopted by the South American country since the election last year of conservative President Leon Febres Cordero.

Swett, who got his first Cabinet post as planning chief seven years ago, is sometimes called a South American Thatcherite. Was he happy about that? I asked. "Mrs Thatcher has many virtues but I disagree with some of her policies," he replied guardedly. Was he a Reaganite then?—"The answer's the same."

He is in favour of lower taxes. "It's not realistic to start taxing people at 40 per cent on an income of £9,000. We must raise the ceiling," he said.

But as the son of one of the founders of Ecuador's central bank, he clearly did not want it thought he was in the business of giving money away.

"We're raising the tax ceilings. But we're also improving our methods of collecting taxes. In the last quarter of last year, tax receipts rose 35 per cent," he said. And he gave a little chuckle of satisfaction as finance ministers do when they have cheery thoughts like that.

Over the limit

Jaguar Cars, now getting used to "the magic roundabout that keeps turning for us," according to a senior executive, had easily the fastest moving product when it returned to the Amsterdam motor show as an independent company for the first time in 20 years. They are still looking for the XJS demonstration model with the new six-cylinder engine—stolen on the eve of press day.

Passing thought

From New York comes the story of the middle-aged man who went on holiday and sent a postcard to his psychiatrist. "Having a wonderful time," he wrote. "Why?"

Observer

THE DOLLAR AND FOREIGN INVESTORS

One day the bubble will burst

By Anatole Kaletsky

THE PHRASE "uncharted territory"—to be intoned with a hint of menace—is becoming a favourite cliche in central banks and foreign exchange dealings rooms as the dollar hits new records almost hourly. But when central bankers speak about uncharted territory and sound "alarm bells," as Mr Paul Volcker, chairman of the Federal Reserve Board did on Tuesday, they are not referring simply to the latest breach of a 10-year peak on the foreign exchange dealers' price charts. For the world economy is just passing another, less conspicuous, but more important, milestone: 1985 is the year when the United States, the richest and most powerful nation on earth, becomes a debtor to its poorer neighbours.

That the U.S. is destined soon to become the world's biggest debtor is now a matter of simple arithmetic. When a country runs a deficit in its trade with the rest of the world, the shortfall has to be financed by foreign borrowing. In 1984 the U.S. had a current account deficit of about $100bn. Since America's foreign assets exceeded its liabilities by an estimated $106bn at the end of 1983, this surplus of assets over liabilities should have fallen to about $6bn at the end of last year. With the current account deficit this year running at more than $10bn monthly, America would therefore have become a net debtor sometime in January if the official figures were precisely accurate.

With a current account deficit of $130bn now virtually set in concrete for 1985—even a collapse in the dollar tomorrow could hardly be expected to benefit America's trade performance for a year or more—the U.S. debt is bound to exceed Brazil's $100bn by the end of this year. If the dollar remains near its present level, this debt will rise to over $250bn in 1986 and multiply tenfold to nearly $1,000bn by the end of the decade. Even this last figure, drawn from a study by Mr Shafiqul Islam of the Federal Reserve Bank of New York, could now be described as conservative — Mr Islam based his projection on a dollar fixed at its level in the second quarter of 1984. Since then, the U.S. currency's trade-weighted index has jumped a further 15 per cent.

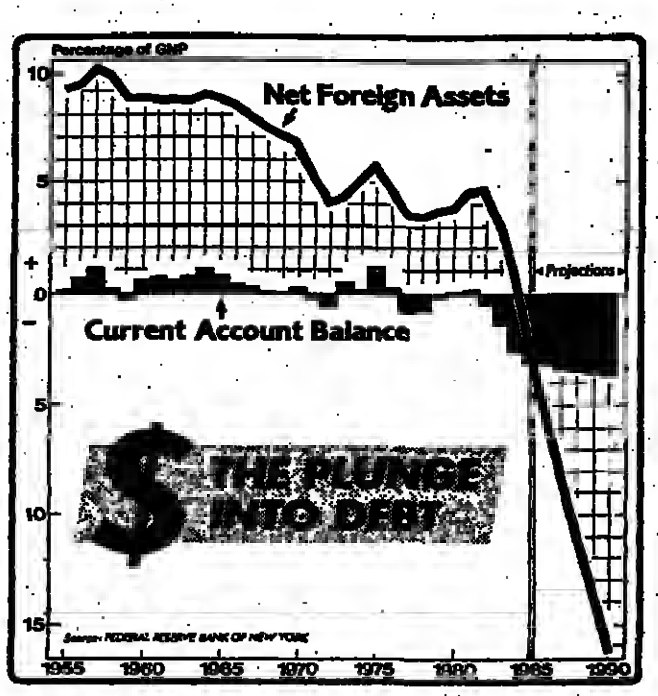
In practice, official figures on current accounts and international capital movements are only rough approximations. It cannot be disputed, however, that a very rapid deterioration, far outweighing any statistical inaccuracies, has already occurred—and will continue to gather pace as long as the dollar stays at around its present level. By the end of next year, the U.S. net debt of over $250bn will amount to more than the borrowings of Brazil, Mexico, Argentina and Venezuela combined.

Why then are foreign investors not dreading a Latin American-style debt crisis? As Mr Islam points out, there are two reasons for disregarding this danger.

The first is simply that the scale of America's approaching indebtedness has to be viewed against the size of the U.S. economy. A debt of $250bn in 1986 would still be equivalent to only 7 per cent of the U.S. gross national product. By contrast, Brazil's debt was 30 per cent of GNP when the debt crisis struck in 1982. It would take until the end of the century for the ratio of debt to GNP to approach Latin American levels, even projecting forward the ever-growing current account deficits of $200bn and more shown in the New York Fed's chart.

The second reason why America's creditors sleep easily is more ambivalent. The U.S. would never default on foreign debts because it would never need to do so. Since America borrows almost exclusively in dollars, the U.S. Government enjoys a privilege denied to other international debtors—it can create the money in which its own obligations are contracted. This guarantee through the printing press implicitly covers the U.S. banks, as well as the Government, since the banks are assumed to enjoy the support of the Federal Reserve System.

However, America's ability to finance its deficits in dollars is a very mixed blessing for foreign creditors. As Mr Roger Kubarych, another New York Fed official, pointed out last summer in the FRBNY



Bob Hutchison

Quarterly Review, the exchange risk can never actually be eliminated when a country borrows from foreigners. What makes the U.S. debt build-up unique is that, for the first time in history, a country with large and persistent deficits has managed to avoid bearing any of the exchange risk itself.

When foreign investors lost confidence in Mexico, it was the Mexican debtors who suffered from the collapse of the peso: Mexico's foreign creditors still had to be repaid precisely the number of dollars they originally lent the country. But if Japanese investors, for example, decided to pull their money out of America, precipitating a collapse in the dollar, the losses, in terms of yen, would be sustained by the Japanese creditors, not the U.S. borrowers.

As Mr Kubarych says: "The willingness of foreign investors to keep taking additional exchange risk" is now the "key to the future" of U.S. economic policy—and this future lies in "uncharted territory," for as the U.S. debt increases, so does the exchange risk which the foreigners are taking.

Debt feeds on itself. Interest payments to foreigners have to be financed, either through further borrowing or by generating trade surpluses. But the U.S. has not enjoyed a single year of trade surplus since 1975, traditionally relying on interest payments *from* foreigners to bridge the gap between its imports and exports. America's long-standing surplus on "invisible" transactions, which was $32bn in 1981, will have vanished altogether by 1986.

From then on, the debt will grow automatically, even if America's invisible trade moves back into balance, from the trade deficit of nearly $150bn expected for 1986. If the build-up of debt is ever to be reversed, or even stopped, the U.S. will need to start producing large visible trade surpluses —and the longer these surpluses take to arrive, the bigger they will need to be, if additional borrowing is to be avoided. If, for example, the U.S. economy remains on its present course until 1990 and generates a debt of $1,000bn, a visible trade surplus equivalent to about 2.5 per cent of GNP will be needed each year from 1990 onwards merely to obviate further borrowing.

To achieve such a trade surplus would require a monumental shake-up in the U.S. economy.

Today's trade deficit is equivalant to over 4 per cent of GNP. Converting this into a surplus of 2.5 per cent of GNP in the 1990s, would require a bigger reallocation of resources than the British economy would have to undergo if it lost the *whole* of its North Sea oil and gas output.

There is only one way such an adjustment could ultimately be achieved—by a massive devaluation of the dollar in the 1990s. And there is only one way it could be avoided—by a smaller fall in the dollar in the near future, which would prevent the foreign debt from rising to unmanageable proportions.

It seems, then, that investors in America are on a hiding to nothing — yet the flood of foreign money continues unabated, bidding the dollar ever higher. The markets may be short-sighted, but this cannot be the whole story, or even half of it.

Nobody can explain fully the dollar's defiance of economic gravity, but the figures on America's foreign assets and liabilities contribute a vital element to any explanation; for it turns out on closer inspection that foreigners *are* becoming warier of U.S. investment as the dollar rises even higher and that the "flood" of foreign money into America is not quite the deluge which is often supposed.

Recorded foreign inflows into U.S. assets have slowed from $113bn in 1982 to $93bn in 1983 and $83bn, at an annual rate, in the first nine months of 1984. Yet this slowdown in foreign investment financed a current account deficit which soared from $10bn in 1982 to $100bn in 1984. The key to this paradox lies in the capital outflow side of the U.S. balance sheet. U.S. investment and lending abroad *collapsed from* $121bn in 1982 to $5bn in the first nine months of last year.

In other words, the huge deterioration in the U.S. current account has so far been financed not by an ever-growing surge of foreign money into U.S. markets, but by a complete—and unprecedented — standstill in U.S. investment abroad, particularly in lending by U.S. banks.

The halt in bank lending, in turn, can be explained by two factors. Developing countries have been prevented from borrowing because they are no longer credit-worthy. Meanwhile, lending to companies and governments in the industrialised world, which tends to be driven by the borrowers' demand for funds, has plunged because the borrowers simply do not want to borrow money, least of all expensive dollars. In view of the tight fiscal policies which have generated excess domestic savings in most of Europe and Japan, this is hardly surprising.

From this point of view, there is no mystery about America's ability to attract net capital inflows, despite the apparently overvalued dollar. Foreigners have been keeping up a steady long-term diversification into U.S. assets at a rate of $80bn-$100bn a year, with little regard for the short-term exchange risks. Meanwhile, U.S. investors and banks have stopped diversifying abroad mainly because there has been no demand for their money.

In theory, this pattern of financing could continue for years—as long, in fact, as the U.S. banks were prepared to run down their foreign loan portfolios at an ever-accelerating rate. But bank managements are motivated by the demand for funds from credit-worthy borrowers, not by any patriotic zeal for financing current account deficits. If Europe and the developing countries were to pull decisively out of recession and start bidding for the world's surplus savings, there is no reason to suppose that the U.S. banks would wish to continue pulling in their horns.

And once U.S. investors and banks start looking outwards again, it is easy to imagine the contours of the uncharted territory which they will see—the dollar will be tottering on the pinnacle of a debt mountain, with nowhere to go but down.

Lombard

Sassenach swipe at Standard Life

By Barry Riley

I WRITE in a personal capacity as an insignificant, but concerned, policyholder with the Standard Life Assurance Company of Edinburgh, the flag bearer of the Scottish life industry.

Some 12 years ago, I chose Standard Life because of its excellent long-term investment performance. Last week's latest bonus declaration showed that it continues to top most of the performance tables, so on that score I have no complaints.

But last week, too, it was announced that Standard Life had bought from Barclays a stake of some 34 per cent in Bank of Scotland, the second largest Scottish clearing bank.

I have failed to track down any statement on paper giving the reasons why Standard has made this £155m investment. Various verbal justifications have emanated from Edinburgh, however.

One is that Standard Life has been engaged in intensive strategic analysis of the future of the financial services industry. It has concluded that a link with a clearing bank would carry benefits.

Another quite different explanation is that the tightly-knit Scottish financial community has banded together to save Bank of Scotland from sale to another nasty foreigner. Certainly, some leading Scots financiers were enthusing last week about the benefits that would accrue to the Scottish financial sector. On this view, Standard Life was the only institution that had both the money and the loyalty to do its duty for Scotland.

I do not know, or particularly care, which of these explanations is nearer the truth. From the point of view of the Sassenach policyholder, they are both worthless. Nor am I impressed by the third justification—that the stake was simply bought "primarily as an investment." Buying large blocks of shares at well over the market price was surely not the way that Standard Life got to the top of the performance league

The central point at issue is the fact that Standard Life is a mutual company. In law, and in theory, it is owned by its with profit policyholders. In practice, of course, like other mutual life offices and building societies, it is controlled by a self-perpetuating board of directors.

Traditionally, Standard Life's board has remained aloof from its management, but last March Mr George Gwilt, the general manager, was elected as a director. He has joined a number of prominent outsiders drawn from the ranks of Scotland's financial elite. These include Sir Thomas Risk, actually a former chairman of Standard Life, who happens to be the present governor (a fancy name for chairman) of Bank of Scotland.

As a policyholder, I would like to be wholly satisfied that the directors of Standard Life are concerned only with looking after my interests and those of many hundreds of thousands like me. I am now aware, however, that conflicts of interest exist within the board.

The Scottish factor may be unusual, but the potential conflict between policyholders and management has a far wider application across the life insurance and building society sectors.

At a time of revolutionary changes within the financial services sector, managements are naturally exploring radical changes in relationships with other types of institution. But expenditure which may make a lot of commercial sense to the management may not always provide clear benefit to existing policyholders.

With proprietorial companies —owned by shareholders rather than investing members—such conflicts need not arise. The shareholders can take on the risks, and rewards, of financing structural changes.

My view is that when mutual companies such as Standard Life feel the need to make major trade investments, they should first consider demutualisation—that is, the sale of the company by the policyholders to a new class of shareholders. In that way, with-profit policyholders can make a capital gain which compensates them for any share in future profits required to compensate shareholders, and which frees the management to adopt a different risk-taking relationship with the new proprietors.

And, in any event, may I suggest that policyholders are entitled to a clear, reasoned and unambiguous explanation of important strategic decisions by the directors.

Letters to the Editor

An instrument of policy

From Messrs D. Morris and J. Vickers

Sir,—Michael Prowse (January 28) makes several interesting points about the extension of VAT. He is, however, wrong to suggest that "fiscal neutrality" (by which he means the same rate of tax for all goods) is correct as a matter of economics. It is a basic result in the economics of taxation that undesirable distortions are minimised when goods are taxed according to their price and income elasticities, rather than uniformly. Non-uniform taxes provide a way of dealing with "externalities"—the Government, through its tax policies, can promote activities that are regarded by the community as having wider benefits, and can discourage undesirable activities. If "fiscal neutrality" were adopted, this instrument of policy would be lost, and greater dependence would fall on other policy instruments, such as government expenditure. (Presumably no-one would advocate "government expenditure neutrality").

For example, Mr Prowse mentions books. Evidence before the House of Commons Treasury affairs select committee shows that on the basis of straightforward criteria, at least two-thirds of expenditure on books is on books of substantial educational value. The zero-rating of books is thus an inexpensive way of promoting education by encouraging individuals to choose to read. It is the natural and sensible complement to the extensive public provision of education in schools and colleges.

Considerations of administrative convenience imply that a simple tax system is desirable. Two-tier systems meet this test. The Government should not forgo an important instrument of policy by taxing all goods alike.

Derek Morris.
Oriel College
John Vickers.
Nuffield College, Oxford.

Redirecting the Treasury

From Mr S. Pugh.

Sir,—Mr Bullock (January 25) states that the Treasury has long had a source of microeconomic advice provided by the Department of Trade and Industry and its predecessors. He does not point out that over one quarter of the economists employed by the Treasury are involved in microeconomic work and it would seem clearly more appropriate for it to take advice *from* these economists rather than from one of many "interest group" departments who may wish to proffer their opinions. As for Mr Bullock's $64,000 question—to what extent does the Treasury pay attention to the Department of Trade and Industry advice?—very probably that advice receives all the attention that it merits.

S. C. Pugh.
57 Frankfurt Road, S.E.24.

Taxation of pensions

From Dr D. Lomax.

Sir,—Your second leader on February 5 entitled "The taxation of pensions" produces an extraordinary analysis and recommendation for policy. You start by saying, rightly, "As the Meade Committee noted in 1978, the taxation of pension funds is theoretically almost ideal." You are one of the first commentators to make this point. You then go on to say, rightly, that the taxation of most other forms of savings is highly unsatisfactory, being double taxation.

You then make the extraordinary comment that since the Chancellor is not willing to change the taxation on other savings to match that of pension funds, the right thing is therefore to impose double taxation on pensions.

There is a wide range of issues against which the taxation of pensions may be criticised. For example, it would be a tax on jobs. After placing such emphasis on the need to reduce the real cost of employment, and taking great pride in the abolition of the national insurance surcharge, it is absurd and self-contradictory for the Government to consider making the provision of pensions more expensive. It would increase employment costs and hence reduce jobs.

The taxation of pension funds, whose money is invested normally *in gilt-edged stock or* long-term investments, and whose investments thus reduce the money supply, has very little favourable impact on the economy from the point of view of a monetarist. Likewise, the taxation of pensions, thus of savings, does not help economic management from the point of view of a Keynesian either.

The key issue is, however, that savings for pensions require a considerable amount of money to be saved over a long period of time. People who are in the process of saving for pensions through schemes set up under existing legislation are clearly at the mercy of whatever the legislation might be. It is not possible to impose taxation on the schemes without at the same time making the cost of providing a pension correspondingly greater. And likewise, putting the schemes into the fiscal melting pot creates a great deal of uncertainty. There is no such thing as a free lunch in this matter.

The plain fact is that every penny of taxation on pensions schemes is imposing a corresponding cost on some pensioner or future pensioner. Because of the amounts of money which need to be saved over a long period to provide a pension, it is thus necessary for this saving to be possible in a tax-efficient manner, unless the potential costs of pensions are to be crippling. As you rightly point out the present system of taxation on pensions is "ideal". In that case, I am surprised that you did not forthrightly recommend the Chancellor to leave well alone.

Dr D. F. Lomax.
4, Claremont Road,
Claygate, Esher, Surrey.

The case for Stansted

From Mr F. Gillett

Sir,—In spite of the resistance shown in the debate in the Commons last week, I don't believe the Stansted issue is dead. I still believe common sense and logic will prevail, and on behalf of the silent majority that live in the area (the Mori poll just published supports this statement) I should like to highlight a few positive points in support of the recommendation of the inspector who produced the Stansted report.

London, like Paris and New York, needs three airports. If, as is widely forecast, over 60m passengers per annum will be *using London airports by 1990,* it makes sense to spread this load as evenly as possible in order to reduce congestion and take maximum advantage of the system of London motorway links.

Why London? Market research overwhelmingly supports the view that the vast majority of airline customers want it that way. Even when the regional airports are all fully developed this will leave a large shortfall in capacity by the end of the century.

What about the advantages for millions of people for whom Stansted will offer significantly more convenience than either Heathrow or Gatwick?

While it is accepted that unemployment is higher, measured in percentage terms, in the North and Midlands than in the South, it must also be recognised that there is a serious problem in this respect in the South East and East Anglia, where over 800,000 people are currently unemployed. Major towns and cities such as Chelmsford, Harlow, Braintree, Bishop's Stortford and Cambridge are suffering and badly need an injection for the future which only a major project such as Stansted could provide. The knock-on effects would also significantly improve employment prospects further afield.

Compared with the ugly sprawl of Heathrow, there is every chance that we have learned a little about airport development and will get it right this time. After all, Gatwick (now handling almost 14m passengers a year) was developed in an area that was possibly not too dissimilar from Stansted as it is today, and that sort of development was acceptable in terms of minimising disruption

By the time Stansted has been developed, international noise regulations will be very effective. As one who resides virtually at one end of the Stansted runway, I can assure you that even now the noise levels are insignificant and certainly do not cause us any irritation.

It is my belief that the major objections on environmental grounds are being voiced by a few wealthy landowners who are more concerned that market forces will lead to an increase in wages for their employees — perhaps even to a level that will allow a reasonable standard of living for these people.

I believe the judgment of the inspector to be correct. Any further delays, or inquiries (and be sure there would be much greater opposition and debate about proposals to develop other areas), would put the air transport industry in this country at grave risk.

F. A. Gillett.
Woodgate Farm, Broxted,
Great Dunmow, Essex.

An unwelcome journey

From Councillor F. Toye.

Sir,—For too long articles have propagated the slogan that northern airports should not be boosted artificially by forcing in travellers who do not want to use them. On the contrary present policy forces an unwelcome journey south on millions of passengers who would rather use an airport nearer home. Only when airport policy is designed for the whole country and not just the south-east will you know just how much Heathrow traffic is artificially boosted by travllers who use it unwillingly.

(Cllr) F. Toye.
3 Knowle Wood Road,
Dorridge, Solihull.

FINANCIAL TIMES

Thursday February 7 1985

Wrangles threaten EEC milk and wine reforms

By Ivo Dawnay in Brussels

THE TWO principal elements of the EEC's much-hailed reform of the Common Agricultural Policy (CAP) are threatening to unravel in committees.

The wrangles centre on efforts to drain the Community's 3bn litre wine lake and to introduce smoothly the special "superlevy" on excess milk production.

Of the two, wine is the most serious problem because Spain has demanded a clear explanation of how the new system will be applied before giving its endorsement in the accession talks now nearing completion.

When the reform programme was agreed after extensive talks at the heads of government summit in Dublin in December it was thought that technical details would quickly be ironed out.

Almost 10 weeks later, however, France appears dissatisfied by Commission assurances that the rules can be made to stick in Italy, its main competitor. It is insisting that the final regulation includes rigorous legal and financial sanctions if the rules are not fully applied.

Despite the pleas to leave enforcement to the Commission, France has insisted on raising the issue again next week.

Many fear that if the problem is not resolved then farm ministers will be unable to finalise the rules before the end of February, hence jeopardising the final round of accession talks with Spain.

On milk, new arguments have broken out over measures proposed by Mr Frans Andriessen, the new Farm Commissioner, aimed at softening the impact of the punitive superlevy.

Furthermore, the special committee examining the plans has not yet reached the most controversial proposal which effectively suspends full introduction of the rules for the first year.

The rows centre on complex technical points sought by member-states to ease local problems. Several countries are already arguing that special exemptions allowed to one must be granted to all.

The disputes constitute a baptism of fire for Mr Andriessen, who faces a major struggle to prevent the permanent introduction of national quotas for milk output.

Such a system would fundamentally undermine the original plan which intended to gradually reduce the 14.5 per cent surplus, now costing European Currency Units (Ecu) 5bn ($3.45bn) yearly.

The immediate concern is that continued disagreements will become enmeshed with ministerial negotiations over the Commission's austere farm prices package, due in March.

Creditors ease Dome debt conditions

Continued from Page 1

gas liquids and Arctic contract drilling.

Dome will publish its 1984 results at the end of March. Mr Macdonald said that the core businesses were operating "relatively well." The company is selling its entire oil output, although each $1 drop in oil prices costs it C$18m a year. Gas operations are running at 60 per cent of capacity.

Mr Macdonald said that the bulk of the asset disposal target agreed with lenders would be met by Dome's stated commitment to sell part of its 40 per cent holding in Dome Mines, as well as the sale of shares in the U.S. oil group, Texaco, which Dome acquired as payment for oil and gas properties in the U.S.

Opel/Vauxhall gears up for Bonn exhaust rules

BY JOHN GRIFFITHS IN AMSTERDAM

OPEL/VAUXHALL, General Motors' European division, has started a re-engineering programme which will allow its models to be offered with exhaust catalysers by the end of this year.

The plan includes the new Kadett/Astra range launched at the end of 1984 and will be very expensive, Mr John Bagshaw, sales and marketing director for Europe, said yesterday.

Additional press tooling and an extra stamping operation is required to modify the floor pans of all volume models.

Mr Bagshaw was highly critical of the uncertainties being created throughout the European industry by West Germany's decision to "go it alone" in requiring catalysers on cars and Bonn's inability to compromise with its EEC partners on the issue.

The uncertainties are now so great that the expectations that have been aired by some motor industry economists that 1985 could see a reduction in discounting – rife throughout Europe – look less and less likely to be realised.

New car sales in West Germany in January fell by about 20 per cent, according to Opel/Vauxhall, as a result of potential buyers refusing to make purchases while the emissions uncertainty continued.

Mr Bagshaw said his company now expected the West German market to fall to 2.2m units this year from 2.4m in 1984.

Even that is optimistic, according to several other senior car company executives at the opening of the Amsterdam motor show. Some fear it could fall as low as 1.9m. That would be a sharp blow to General Motors in particular, which plans to produce 550,000 of the new Kadett/Astra each year.

With the industry already burdened by 2.5m overcapacity and now the prospect of a much-reduced West German market, the pressures to "move metal" will intensify.

Mr Harold Musgrove, chairman of Britain's state-owned Austin Rover, said, meanwhile, that the question of exhaust emissions and catalysers had become the main problem for Europe's car makers. Austin Rover, like other volume car makers, is also faced with problems of re-engineering for the West German market, unless Bonn backs down.

Near-record month for U.S. big three, Page 23

Hungary has announced the first measures in Eastern Europe to reduce the lead content of petrol and the sulphur content of diesel and heating oil. Page 2

MX test agreement set to dominate Hawke's U.S. talks

BY REGINALD DALE IN WASHINGTON AND OUR FOREIGN STAFF IN LONDON

THE MX missile tests in the South Pacific are expected to dominate the meeting between Mr Bob Hawke, the Australian Prime Minister, and President Ronald Reagan in the White House today.

Mr Hawke, who arrived in Washington last night from Europe, was due to meet Mr Caspar Weinberger, the Defence Secretary, and also Mr George Shultz, the Secretary of State, during his visit.

Before leaving Europe he made an apparent U-turn on his agreement to allow Australia to be used to monitor the MX tests. This, it seems, was the result of political pressure at home.

Mr Hawke's apparent change of mind follows the controversy caused by the refusal of Mr David Lange, the New Zealand Prime Minister, to allow U.S. ships, either nuclear-powered or armed, to enter New Zealand waters. This in turn led the U.S. to cancel Anzus "Sea Eagle" naval exercises planned for next month.

Australia, New Zealand and the U.S. set up the Anzus military pact in 1951. Although Australia and New Zealand yesterday announced they would go ahead with military exercises, the U.S. has hinted at reprisals over and above the withdrawal from Sea Eagle manoeuvres. There are fears that the U.S. will attempt to relegate New Zealand to a junior role within Anzus.

In Wellington, Mr Lange reacted angrily to reports of U.S. reprisals. He said: "I regard it as unacceptable that another country should by threat or coercion try to change a policy which has been embraced by the New Zealand people."

The U.S. Administration, however, has made no secret of its concern that anti-nuclear feeling in New Zealand might have a "ripple effect" on other countries, such as Australia, Japan and even western Europe. It has warned both New Zealand and its other allies that diminished security co-operation with the U.S. cannot be "cost-free."

Pentagon officials said that if American aircraft could not use Sydney as a base for monitoring the missile tests, the U.S. would have to examine "other options." The U.S. has conducted seven shorter-range MX tests in the Pacific, using the Kwajalein test range in the Marshall Islands.

The Pentagon said that the aim now was to test the missile at longer ranges.

Hawke's troubles, Page 4

U.S. 'does not need new takeover rules'

By Stewart Fleming in Washington

FURTHER federal regulation of corporate takeovers would be "premature, unnecessary and unwise" according to President Ronald Reagan's Council of Economic Advisers.

In a section of its annual report on what it calls "the market for control of corporations," the council says takeover activity serves the public interest, and argues that it is important for managements of publicly-owned companies "not to be insulated from competition in the market for corporate control."

The council says available evidence suggests the takeover market has generated net benefits for the economy and abusive practices have been "limited largely to tactics employed by target managements, who in opposing takeover bids defeat or deter tender offers at the expense of their shareholders and the economy."

The council's analysis follows increasing controversy on Wall Street takeover activity, especially tha practice of what has been called "greenmail," when a bidder buys a block of a company's stock and then presses the target company to purchase the block back at a price which arguably is inflated by the threat of a takeover. There have been efforts in Congress to press for legislation to try to make such behaviour illegal.

The advantages and disadvantages of takeover for industrial economies have been hotly debated, with some economists arguing that they do not necessarily improve economic efficency.

The council argues that an unfettered takeover market is part and parcel of the competitive environment on which the success of the economy depends.

British Telecom to make own computer

BY GUY DE JONQUIERES IN LONDON

BRITISH TELECOM plans to start making microcomputers later this year. This will be the company's first venture into manufacturing electronic information processing equipment.

BT will make, under licence at a plant near Birmingham, high-performance professional machines designed by Bleasdale Computers, a small British company. Planned production volumes have not been disclosed but are expected to build up to several thousand units a year.

BT plans to use the machines internally initially, but it is understood to be interested in selling them on the open market from next year. Bleasdale sells its microcomputer systems for between £7,000 ($7,798) and £40,000.

BT already sells a range of microcomputers, word processors and terminals. These are purchased by its Enterprises division from several suppliers including ICL, part of Standard Telephones and Cables, and Logica, a computer services company.

So far the only products which BT makes for the open market are inexpensive Slimtel telephones, which were designed at its own research laboratories. Volume production started early last year at a BT plant in South Wales.

The plant is one of six owned by BT. Most are used to refurbish telephone exchanges and similar equipment, though this activity is set to decline as modern electronic systems are installed in the public network.

BT fought hard to ensure that its operating licence, granted last year, allowed it to manufacture. It is required, however, to carry out its manufacturing activities through a separate subsidiary

Bleasdale, which was founded in 1975, specialises in powerful microcomputers which can be linked in networks. Its machines are popular with scientific and technical users. Customers include GEC and the National Coal Board.

Shares in the company, which had estimated sales last year of £2m, were floated on the over-the-counter market last March.

Argentina moves nearer prices and incomes deal

BY JIMMY BURNS IN BUENOS AIRES

THE ARGENTINE Government claimed yesterday to have taken an important step closer to a broad agreement on prices and incomes with unions and industry, announcing a 30-day "truce" to restrain strike action in return for guarantees of no major lay-offs.

The announcement came late on Tuesday night at the end of the latest meeting between the three sides who have been negotiating a social contract for over four months.

Government officials publicly heralded the "truce" as a major breakthrough in its attempts to secure broad political support for its austerity measures aimed at reducing the country's 760 per cent inflation rate.

However, both business and union sources privately expressed their scepticism that the move would necessarily pave the way for a more far-reaching agreement extending curbs on prices and wages.

The main trade union organisation, the General Confederation of Labour (CGT) is yet to agree to the salary increases for February. Labour leaders have indicated that in further talks over the next week they will be seeking an inflation-linked retroactive wage adjustment above the 14 per cent basic increase decreed by the Government on Tuesday.

With an increase in the consumer price index for January of over 24 per cent, several points above the government's original target, union officials believe the latest wage offer is unacceptable.

Looming in the background of the latest round of wage negotiations is the internal crisis of the Peronist Party, which has a majority control of the CGT. Government officials privately concede that the deepening divisions in the country's major opposition grouping could undermine the influence of some labour leaders over the rank and file.

Significantly, the country's railway workers yesterday threatened to resume strike action in spite of the alleged "truce."

The Government's latest efforts to formulate a comprehensive anti-inflation package have coincided with the arrival in Buenos Aires of an International Monetary Fund team headed by Sr Joaquin Ferran. The team will spend the next two weeks checking the Government's monetary and fiscal performances.

Government officials claim to have adhered strictly to the targets during this period.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	14	57	Dubrovnik	C	9	48	Malaga	S	18	64	Salzburg	C	9	48
Akrotiri	S	13	55	Faro	F	18	64	Malta	S	16	61	Seoul	F	9	48
Algiers	S	18	68	Florence	R	11	52	Manila	—	—	—	Singapore	F	31	88
Amsterdam	F	4	39	Frankfurt	C	4	39	Miami	—	—	—	Stockholm	Sn	−4	25
Athens	F	14	57	Funchal	C	18	64	Milan	Fg	2	36	Strasbourg	R	8	46
Bahrain	F	21	70	Geneva	F	10	50	Moscow	C	−12	10	Sydney	S	28	82
Bangkok	—	—	—	Gibraltar	S	17	63	Munich	C	7	45	Taipei	—	—	—
Barcelona	S	14	57	Guernsey	R	9	48	Nairobi	C	22	72	Tangier	F	19	66
Beirut	C	11	52	Helsinki	Sn	−13	9	Naples	C	13	55	Tehran	—	—	—
Belgrade	C	8	46	H. Kong	C	19	66	New Delhi	S	19	66	Tel Aviv	C	13	55
Berlin	C	3	37	Innsbruck	R	2	36	New York	—	—	—	Tenerife	S	21	70
Biarritz	S	20	68	Inverness	C	5	41	Nice	S	13	55	Tokyo	C	10	50
Blackpool	C	5	41	Istanbul	—	—	—	Oporto	F	14	57	Toronto	—	—	—
Bordeaux	S	15	59	Jersey	R	9	48	Oslo	S	−5	23	Tunis	S	16	61
Brussels	Fg	7	45	Jo'burg	—	—	—	Paris	C	10	50	Valencia	S	18	64
Budapest	F	6	43	Las Palmas	S	22	72	Prague	F	4	39	Venice	C	5	41
B. Aires	—	—	—	Lima	—	—	—	Reykjavik	F	3	37	Vienna	C	6	43
Cairo	F	15	59	Lisbon	F	14	57	Rio de J'o				Warsaw	R	−7	19
Cape Town	F	24	75	Locarno	S	5	41	Rome	F	15	59	Zurich	C	8	46
Caracas	—	—	—	London	C	11	52								
Casablanca	S	21	70	Los Angeles	—	—	—								
Copenhagen	C	−2	28	Luxembourg	Fg	5	41								
Corfu	C	12	54	Madrid	F	13	55								
Dublin	S	9	48	Majorca	F	13	55								

Readings at mid-day yesterday:

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder

Eastern Air Lines decides to reimpose wage cuts

By Paul Taylor in New York

EASTERN AIR Lines, the embattled U.S. carrier which is embroiled in a wages struggle with its unions and is in technical default on most of its $2.5bn of long-term debt, said yesterday that it expected to report a net loss of more than $30m for the month of January.

Eastern, whose current problems stem from a dispute over the extension of 18 to 22 per cent wage reductions for its 37,500 employees which were agreed last year in return for a 25 per cent equity stake, said it would unilaterally re-impose the wage cuts this month. It has accepted the recommendations of a labour consultant as the basis for a settlement with its unions and lenders.

The increasingly bitter battle between Eastern and its unions was sparked by the airline's initial decision to extend the wage cuts package past the December 31 contract expiry date.

Two weeks ago, after threats of legal action from the unions, Eastern backed down and agreed to restore full pay to its employees while new contract talks were held. The new talks became bogged down, however, and last Friday the airline went into technical default on some of its loans when a deadline set by its lenders for a contract agreement expired.

Yesterday Eastern said most of its projected January loss, "is directly attributable to the $23m in additional wages paid to employees in January as a result of the restoration of wages invested in company stock in 1984." The airline added, "January's loss will be almost equal to all of 1984's loss of $37.9m."

The January shortfall contrasts sharply with the $10.7m net profit reported by the airline in its 1984 fourth quarter – the second consecutive quarter in which the air carrier had posted a profit.

Eastern's comments, coupled with an aggressive attack on a union plan to link wages to revenues, represent a major hardening of its stance towards the unions under pressure from its lenders, who are seeking assurances that the airline will be profitable this year for the first time in six years.

The unions have now threatened to reinstate court actions against Eastern. They have yet to respond to the proposed settlement of the dispute put forward by Mr William Usery, a labour consultant to Eastern and former U.S. Labour Secretary.

Under his proposals, detailed for the first time yesterday, the airline would implement a new profit-sharing plan for 1985 that would give employees all profit above $90m up to a point where the year's wage reductions were restored. In return, the unions would agree to a $50m cost-cutting programme based on reducing employee benefits with a range of manning and productivity concessions.

Tarmac wins Bahrain leisure complex deal

By Joan Gray, Construction Correspondent, in London

TARMAC, the UK construction group, has won a management contract to oversee the development of a £150m ($166m) leisure complex on the beach at Zallaq in Bahrain.

The complex is being developed to boost Bahrain's tourist attractions by offering a Middle Eastern equivalent of Disneyland on a site thought to be near that of the biblical Garden of Eden.

It will include a luxury hotel and beach villas, marina, sports and health centres, an entertainment complex for children, botanical gardens, zoo, aquarium and aviaries as well as restaurants, conference facilities, mosque and air-conditioned monorail.

Tarmac won the contract by competitive tender against international competition. The value of the management contract to the company is not being disclosed until full details of the scheme and the funding for it have been finalised.

Tarmac's role is currently restricted to acting as senior management contractor overseeing the development with a local company, AA Nass Establishment of Bahrain. Tarmac may later also be appointed as contractor to build the complex.

The promoters of the scheme are three local Bahrain companies – Unitraco and Transitec Gulf, both members of the Unitag Group, and Projects S.A. They have been granted a licence to develop the site by Bahrain Central Municipal Council and will spend the remainder of 1985 finalising the plans and raising funds for the scheme.

Work is due to start on the site early in 1986 and is expected to take three years to complete.

THE LEX COLUMN

Acorn goes to ground

Shareholders in Acorn Computer have had to decode some pretty strange pieces of information recently. The market's most difficult problem has been to make sense of Acorn's claim to satisfactory sales at Christmas in the light of its move to heavy discounting, and its troubles with distributors.

The tumbling share price – from 44p last Thursday towards suspension at 28p – makes it pretty clear how the market has been computing the odds on Acorn's survival – in its present form, at least.

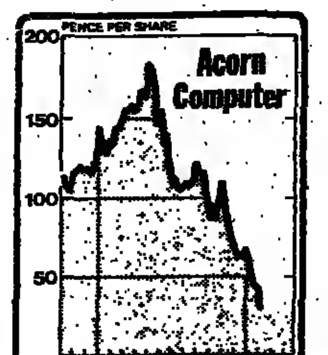
Perhaps the strangest tale to emerge from Acorn, amid all the controversy over Christmas sales and stock levels, is the news that it has parted company with the financial advisers – Lazards and Cazenove – who brought it to market in 1983.

As long ago as last Friday, it seems, Acorn decided that it would prefer to be advised by the small merchant banking firm of Close Brothers, which is apparently now engaged in reorganising Acorn's affairs.

For this to come out only after the shares had been suspended – on Wednesday afternoon – implies that the market has meanwhile been kept in ignorance of price-sensitive facts. Close Brothers has had its recent successes – including the flotation of Logica at much the same time as Lazards were launching Acorn – but an unexplained breach with its original and prestigious advisers could scarcely do Acorn's credit any good.

Until the nature of Acorn's difficulties is made public, it is hard to see what options are open to it, beyond finding someone to whom its research facilities and BBC contract might make it a takeover proposition.

If Acorn were experiencing a serious working capital squeeze nobody would be much surprised. Wood Mackenzie has already forecast a pre-tax loss for the year, arguing that Acorn will have to take heavy exceptional write-downs on stock, in addition to absorbing the costs of its abortive launch in the U.S.



BTR/Dunlop

The poor private shareholder in Dunlop must by now be thoroughly bamboozled by the torrent of statements issuing from both sides of this extraordinary takeover battle.

The document produced yesterday by BTR, announcing that it had reached agreement on financing for Dunlop in the event that it took control, had several important merits. It was extremely short, it was acceptable to the Takeover Panel and it was welcomed by all concerned.

Quite what they were welcoming is far from clear. Not only was the statement itself almost impenetrable, but all those responsible for it have mutually agreed not to clarify its elusive meaning.

As far as can be judged the banks involved in the proposed Dunlop reconstruction have retired to a neutral corner in order that Dunlop's management and BTR can argue their positions unimpeded. This appears to represent a tactical victory for the offeror, although in exchange for neutrality BTR seems to have dropped its insistence that the banks accept preference stock comparable with that already on offer from Dunlop.

Meanwhile, BTR said the new arrangements would introduce a greater amount of new cash to Dunlop than the reconstruction provides. This might be because the banks have increased their facilities or not, as the case may be.

Software accounts

Software companies are notoriously jumpy creatures – both in their profits and their share price. Part of the reason for the volatility is that costs are incurred long before they bear any fruit.

The early research and development – investment in the company's future – has to be written off against its present stream of earnings from a different source. As a result, a software company can swing wildly from profit into loss, leaving investors with little clue to whether the company is any good.

Film production and aerospace companies – which also have high development costs – capitalise these and write them off gradually as the revenues materialise. Stockbrokers Henry Cooke Lumsden now suggest software companies should do the same.

The U.S. Financial Accounting Standards Board has produced a set of proposals which would allow U.S. software manufacturers to capitalise any costs incurred once the R & D has taken place. This would apply to expenditure on number-crunching activities like detailed programme design, which would be equivalent to manufacturing costs in any normal company.

In London such accounting practices might raise the odd eyebrow. It may be all very well counting development expenditure on a jumbo jet as an asset since the aircraft will almost certainly be sold once it is made. The software industry is far more uncertain – even if a programme works, it may be too expensive or even obsolete once it hits the market.

Unless an auditor can be satisfied that the asset's worth is eventually recoverable, he will qualify the accounts. In the interest of prudence it seems sensible to capitalise only expenditure on bespoke projects – like the type of government contract Logica undertakes – where a client has agreed to pay on delivery. Accounting based on speculation about what may or may not be marketable should clearly be avoided.

London equities

The London equity market appears to have settled into a daily rhythm which, try as they may, the jobbers (market makers) seem incapable of breaking. The early-morning fall in the FT 30-share index has become almost as familiar a ritual as the late afternoon rise which attends the opening of Wall Street. Having failed to shake out sellers with their initial markdowns, the jobbers have virtually no way of squaring their short books later in the day. Meanwhile the knowledge that the jobbers are consistently short of stock provides a measure of protection for the buying institutions, whose sizeable cash balances are apparently an embarrassment even with base lending rate perched at 14 per cent. The best hope for the jobbers may be that the onset of Britain's corporate reporting season will provide enough disappointments to persuade institutions that their cash would be better spent elsewhere.

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FINANCIAL TIMES SURVEY

Objections to countertrade have been expressed, but the international debt crisis and unevenness of world economic recovery have resulted in its rapid growth during the 1980s.

Countertrading

Important tool for exporters

By Frank Gray

IN THIS SURVEY

JUST AS free-wheeling cash-for-goods trade characterised the 1970s, so is countertrade fast emerging as one of the most important commercial instruments of the 1980s.

European banking centres, such as Vienna, have long had expertise in countertrade. But its use as a tool of export finance is spreading with the build-up of deal-structuring expertise in London and New York—the world's two largest financial centres.

Much of the current boom in business with China is being handled through countertrade, and other Asian nations, particularly Indonesia, have also embraced the system. The big trading centres of the West reckon that Singapore and Hong Kong, too, may soon join their ranks.

Countertrade's growth coincided with the onset of the recession at the beginning of the decade, and bankers argue that two factors are fuelling its longevity.

● On the one hand, there are the frustrated expectations of the developing countries whose taste of prosperity in the 1970s is now stalled by the international debt crisis. Many are virtually "off cover" for traditional medium- and long-term export finance from major supplier nations as a result of their indebtedness to Western banks. What they are left with are severe liquidity crises.

The natural recourse has been to countertrade in one or other of its forms: pure barter; the part payment with goods for imports; the requirement for offset investment from multinationals shipping to them; and development of bilateral trade-balancing arrangements with complementary trade partners.

"By producing workable countertrade deals, they can produce evidence to the International Monetary Fund about their concern over cash flow," observes Mr Ed Miller, senior vice-preident of MG Services, the London countertrade arm of Metallgeschellschaft, the West German metals group.

● The second factor behind countertrade's continuing growth is the unevenness of the world economic recovery. The value of world trade last year is unofficially estimated by the General Agreement on Tariffs ad Trade (Gatt) to have gone up 5-7 per cent over the previous year—the first real-term growth since the onset of the recession.

But, the Gatt has noted, half of this is accounted for by the surge in U.S. imports, which last year led that country to a record trade deficit of $125bn.

With protectionist pressures stronger than ever in the U.S., any downturn in its imports coupled with less robust performances in other Western economies could abet countertrade's growing use.

Just how much of world trade involves countertrade?

The Gatt has soberly estimated it at 8 per cent of total world trade valued at $2 trillion (million million).

Many trade brokers see the figure as conservative and one bound to be npwardly revised as techniques for measuring the amount of business done through countertrade improve.

Enough developments have taken place recently, however, to indicate the magnitude of the countertrade pbenomenon.

Finland, for example, has 25 per cent, or $3bn of its trade tied up in framework agreement with the Soviet Union while India does more than $2.5bn in business annually with the Soviet Union in this way, and has recently set up a committee to consider more formal countertrade dealings with Western countries.

Turkey, too, is in the early stages of implementing some $1.5bn in offset investment in its agri-industries as a result of a $4.2bn deal to buy F-16 fighters from General Dynamics of the U.S.

Greece has disclosed plans to acquire $78m in military construction equipment from the Soviet Union, Japan and Czechoslovakia to be paid for in Greek goods.

Indonesia introduced in 1982 some of the most specific countertrade regulations yet seen, which even include detailed instruction on how to prepare all support documentation. It frequently requires 100 per cent counterpurchase of non-oil Indonesian goods as a condition of purchasing goods itself and has done several billion dollars in business in this way since.

Neighbouring Malaysia said it has completed $33.2m in counterade deals with South Korea, Yugoslavia and Brazil in the last year—buying iron, electrical goods and patrol boats in exchange for oil, rubber and timber products.

As these examples show the first thrust of the countertrade boom has focussed on industrial goods and non-oil raw materials but the Iran-Iraq war and the general weakness in oil prices bave now also pushed that commodity to the fore.

Iran recently announced plans to seek wider barter arrangements with the Comecon bloc because of the oil price crisis and declining foreign reserves. It has been the most active of the oil-barterers and has used the system with all its major trading partners since the fall of the Sbah and the start of its war with Iraq. It disclosed that ten per cent of its annual trade now involves pure barter.

France's exposure in the Middle East, particularly in Iraq, has forced it to conclude several bundred million dollars in oil swap deals in order to gain compensation for its delivery of military equipment, mainly Mirage fighters.

Perhaps the most dramatic of all was last summer's revelations was that Boeing of the U.S. had agreed to take 34.4m barrels of oil, worth about $1bn, from Saudi Arabia in exchange for its 747 aircraft.

Yet, while many western governments have no specific quarrel with countertrade as a commercial, company-to-company device to help trade, there is widespread fear that the growth of bilateral trade-balance deals will lead to a closing of markets to the free-trading western nations.

Offset—a big element in defence and commercial aviation deals—has also been singled out by the U.S. and other nations as often being punitive or reqniring too much technology transfer and subsequent job loss in the exporting nation.

Mr Charles Blum, a U.S. trade representative, said last year that it was "injurious to the economic and trade interests of supplying countries for offsets to become so excessive that purchasing countries conduct an anction for offset bids or demand it in ever-increasing amounts."

But be acknowledged that no effective solution to the problem could be reached "without the co-operation of other nations and in co-ordination with affected U.S. industries."

Nevertheless, the U.S. has given countertrade business added impetus with the passage in 1982 of legislation allowing U.S. banks and corporations to set up trading companies.

While some, such as Sears World Trade, acknowledge having expanded too quickly, it is generally agreed that the legislation will broaden U.S. trade skills, at the moment heavily concentrated in the hands of multinationals, and not small and medium-sized companies where expansion is needed.

"In order to participate in international trade today on a major scale, you must be prepared to engage in countertrade. There are certain areas of the world where it is the only way to sell," says Mr Robert Gomperts, a vice-president at BankAmerica World Trade Corporation.

Mr Bob Wyatt, managing director of Midland Bank Group's International Trade Services division, says:

"What really determines whether an exporter closes a deal is not so mnch the goods he bas to sell as the range of finance packages be has to offer."

For Western companies dealing with the developing world, knowing the realities of the market place is vital. Veteran traders always point out that countertrade requirements can crop up late in negotiations, and sometimes on the eve of a contract signing.

Some prospective deals start hy involving one type of countertrade and concinde using another, or even evolve away from countertrade.

One trader notes: "The key for those of us structuring deals is knowing when a deal won't work. This means not only being ahle to say 'no' at the outset hut also being able to say 'no' halfway along."

Mr Dick Francis, Barclay Bank's countertrade specialist, says: "Resistance by an exporter might often be the best opening gambit, but as a long-term policy, this will restrict export opportunities. Provided advice is sought at an early stage, countertrade can be a painless exercise."

Failure to seek that advice, bowever, can lead to a 50 per cent penalty on a contract's value.

From the point of view of the group structuring a deal, the more rules there are, the more secure the transactiqn—such as in dealing with the centralised economies of Eastern Europe and Indonesia.

Still, this does not exempt a Midlands manufactured goods exporter seeking to ship to Czechoslovakia finding himself facing payment in Indian rupees, as happened recently.

Even greater care must be taken with those devloping countries which are now dabbliog irresolutely in countertrade, sometimes leaving the exporter not knowing until the last minute whether he is to be paid in cash, thrnugh some sort of countertrade arrangement or not at all.

As Mr Miller of MG Services said: "It is a fascinating business but it doesn't beat selling goods for cash."

Countertrading 2

All agreed on the theoretical objections

Official View

ANDREW GOWERS

WESTERN attitudes to countertrade are a bit like Victorian public attitudes to sex. Governments are deeply fascinated by it and equally disapproving. Most of them, however, believe it answers an important need for many countries, and some of them indulge in it themselves or encourage their private companies to do so.

As developing states have laid increasing emphasis on the puractice over the past couple of years, curiosity in the industrialised world has grown apace and the developed countries have begun to try and develop a response.

And although their approaches to the issue in practice differ widely, there is a striking degree of consensus among them as to the theoretical objections to countertrade.

● Being based in general on bilateral arrangements between countries, it represents a dangerous deviation from the principle of multilateral free trade.

● It interferes with the proper functioning of trade by disguising such important details as price.

● It is cumbersome, inefficient, and often has the effect of sharply increasing the costs involved in a transaction.

● It sometimes leads to dumping of countertrade products on individual markets, damaging local industry. A famous case in point was a deal in 1973 under which Occidental Petroleum of the U.S. agreed to supply the Soviet Union with super-phosphoric acid and to buy potash and ammonia in return. America's International Trade Commission subsequently ruled that this caused "market disruption" in the U.S.

● Because countertrade is often used to enable a country to live beyond its means of external payment, countries involved, both in Eastern Europe and the Third World, tend to use it to put off painful economic decisions.

"When the transaction involves the specific requirement that goods must be purchased in exchange, the efficiency factors related to those goods are obscured," says Mr Richard McElheny, U.S. assistant secretary for trade development.

These views have been expressed by the three main international bodies which see maintaining free multilateral trade as a key article of faith, the General Agreement on Tariffs and Trade (Gatt), the Organisation for Economic Co-operation and Development (OECD) and the International Monetary Fund (IMF).

But moving from the recognition of these facts to concrete international action on countertrade is quite a different matter.

For one thing, the complexity and subterfuge often involved in such transactions mean that they are extremely difficult to control. For another, there are no specific international rules by which countertrade could be measured or outlawed. And with the developing and East European countries declaring an increasingly firm attachment to countertrade, there is not *much chance of any rules being* drawn up.

Against this background, discussions on the subject in the Gatt have so far been inconclusive. Pressure on countries to desist from countertrade deals has come from the IMF, ever keen to ensure that developing states earn foreign exchange to pay their foreign debts.

The U.S., too, which roundly condemns countertrade whenever it gets a chance, has made representations on the issue to several governments, including Brazil, Mexico and South Korea.

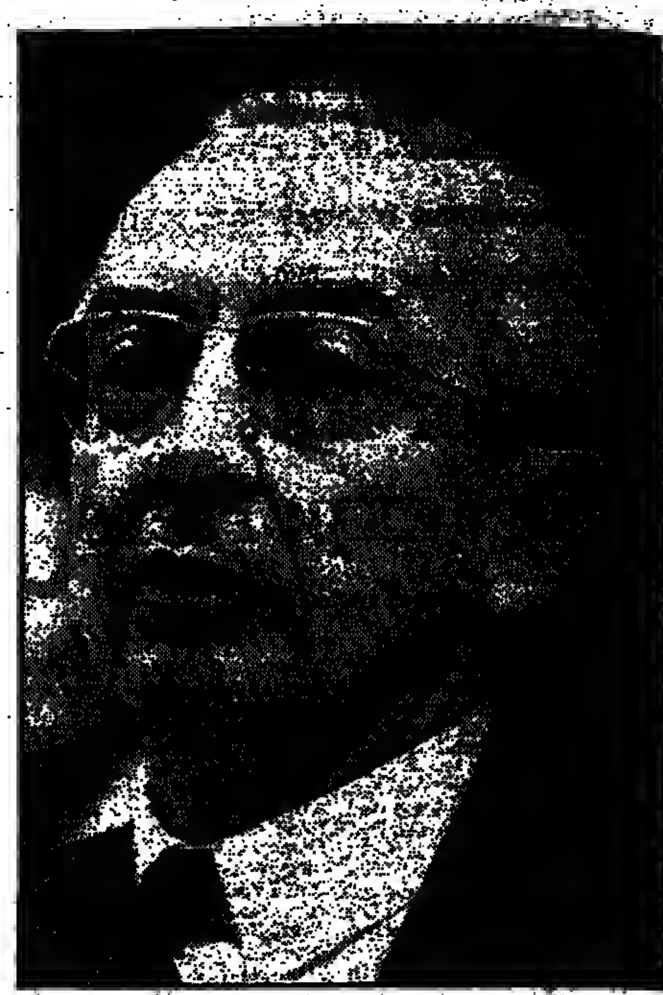
The Soviet bloc countries and Third world states have differing but overlapping rationales for resorting to countertrade.

In Eastern Europe, it is seen as a logical extension of the "clearing" arrangements which Communist countries maintain in their bilateral trade.

It also fits in well with their policies of central planning, and, by forcing Western companies to market their goods, overcomes the Soviet bloc's widely-acknowledged deficiencies in salesmanship.

"State bureaucracies have a different attitude to trade from market economies," said one Western trade expert. "Officials are under a mandate to boost sales of their own national products, they must obey their five-year plans, and they have to show that they can balance their accounts."

For developing countries, too, the frequent close involvement of the state in foreign trade can make barter especially tempting. But the main reasons for the steady rise in countertrade in the Third World—at least in the eyes of developing nations themselves — are of a basic economic variety.



LEFT: Dr Mahathir Mohammed, Prime Minister of Malaysia, who sees countertrade as a weapon against the protectionist policies of developed importing countries. RIGHT: Mr Jacques de Larosiere, managing director of the IMF, which together with the Gatt and OECD sees maintaining free multilateral trade as a key article of faith.

At its most extreme, the practice of linking imports with exports can seem a convenient way for countries to ensure that they can still buy goods even when their hard currency reserves and credit dry up.

To some governments, such as that of Indonesia, the attraction of countertrade has lain in its supposed capacity to boost or diversify exports.

To others, such as the Prime Minister of Malaysia, Dr Mahathir Mohammed, it is "a weapon against the protectionist policies of developed importing countries," or an instrument with which to force Western companies to invest and create jobs in the Third World. Often, where a commodity is supposed to be subject to official prices, it becomes a method for giving disguised discounts.

These may all be reasonable justifications for adopting countertrade as a short-term expedient. What concerns bodies such as the OECD, which has just completed a major but as yet unpublished study of the subject, is that it could become more permanent.

"In the short-term there may not be many other options, or such options may be more socially or economically difficult to implement," said one official at the Organisation's secretariat in Paris. "The danger is that once you become accustomed to a less efficient trading system, you might become addicted to it."

Faced with this barrage of arguments against countertrade, Western governments have tended to adopt a two-pronged policy.

"Nearly all the governments of Western industrialised countries walk a tightrope between support for the stance adopted by the multilateral organisations . . . and a mere pragmatic real world approach designed to ensure that their own exporters are not disadvantaged," says a recent report on North-South countertrade by the Economist Intelligence Unit.

The U.S., for example, focuses its opposition on countertrade specifically required by a foreign government, which it says threatens the foundations of the Gatt system. But it does not stand in the way of commercial companies which see the need to engage in the practice.

Several countries, including America and France, offer their companies advice on how to carry out countertrade.

U.S. objections to countertrade are undermined in many people's eyes, however, by the fact that it has resorted to barter itself in the past. Deals in which the Americans swapped surplus dairy products for Jamaican bauxite have become notorious — and ironically, resulted in a complaint to the Gatt by other dairy producers such as New Zealand.

Ultimately, in combating what they regard as an onerous and disruptive system, most Western nations hope that the developing countries, at least, will see that countertrade is not in their own best interests. After all, they console themselves, countertrade only represents about 8 per cent of world trade at most.

And in the words of an important study of the subject by Mr Gary Banks, a former Gatt economist: "The self-inflicted costliness of countertrade in a world where, at least in trade with the industrial countries, efficient alternatives exist is the main reason why it is unlikely ever to become a serious threat to the multilateral trading system."

Lucrative extension of activities

Metallgesellschaft

JOHN DAVIES

WITH LONG experience in the trading of raw materials, Metallgesellschaft of West Germany has been moving rapidly to build on its expertise in order to benefit from the growth of countertrading.

After forming a specialist subsidiary in New York in 1983, to handle countertrade for clients, it recently set up a countertrade partnership linking it with First Boston, the U.S. merchant bank, and Louis Dreyfus, the French commodities group.

The decisive and enthusiastic manner in which the old established West German group has espoused countertrade has raised some eyebrows among the more conservative business community. But Metallgesellschaft sees countertrade as a logical and lucrative extension of its activities in the trading of metals and chemicals.

The Frankfurt-based company has been intent on setting up a wide-ranging network to offer integrated services and advice covering various facets of complicated deals for clients.

The link with First Boston has widened the scope for financial advice, while the tie-up with Dreyfus facilitates deals involving soft commodities, as well as with the Soviet Union and French Africa.

Metallgesellschaft has its sights set on clients around the world, not simply in West Germany, and seeks large-volume deals. It is reluctant to take on any countertrade deal involving less than $5m unless there are exceptional circumstances (or exceptional clients involved).

With West Germany keenly interested in trade with developing countries and with Eastern Europe, countertrade has necessarily become an important—if not always comfortable—part of business life for many of the country's manufacturing companies.

While Metallgesellschaft has become strongly established as a specialist in facilitating such deals, other operators, some of them small, have also been seeking a niche in this type of "fix-it" business.

As world countertrade business has grown internationally, insurance of "political risks," such as failure to deliver countertrade goods, has also become more developed internationally. It is understood that a variety of insurance groups—British and others—are at present redefining their potential role in countertrade.

Of West Germany's exports, worth more than DM 430bn (U.S.$ 120bn) a year, about 80 per cent go to industrialised Western countries (including Japan). Foreign trade experts believe that countertrade features prominently in the remaining 20 per cent.

An expert at the Wholesale and Foreign Trade Association (BGA), in Bonn, says that *countertrade has not only* grown in volume but has also spread more widely, including deals with Greece and Portugal. Countries which used to ask for 20-30 per cent of deals to be matched by countertrade are now asking for 100 per cent.

Countertrade was estimated to make up about 15-20 per cent of West Germany's trade with Eastern Europe a few years ago, but is now thought to be half or possibly more.

To help exporters find an *outlet for countertrade items,* the BGA compiles a list of companies interested in taking over the marketing of goods from Eastern Europe.

Large West German industrial and trading companies have built expertise in countertrade, particularly with Eastern Europe, but the rapid growth and geographical extension of countertrade is viewed with misgivings by some groups.

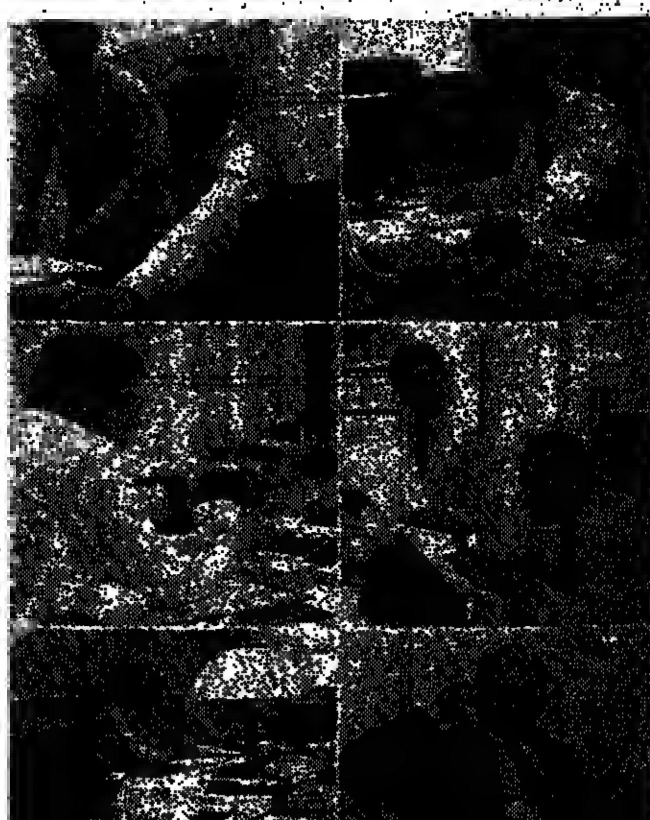
Thyssen Handelsunion, the international trading subsidiary of the Thyssen steel concern, remarked a few weeks ago that the growth of countertrade was by no means a positive or desirable development.

Herr Fritz Waelter, the chief executive, referred to it as an emergency solution to currency and financing problems, but nevertheless a backward step and an "Old Testament practice."

Thyssen Handelsunion's policy is to engage in countertrade primarily in commodities which are already in its own product range and for which it has an established sales outlet. "It is therefore relatively easy for us to exchange, for example, steel for scrap metal, pipes for oil, coal for steel or metallurgical products," Herr Waelter pointed out.

At the same time Herr Waelter says that Thyssen Handelsunion, with an international organisation and sales outlets, is interested in using these resources in barter deals, as well as in helping countries export goods independently of countertrade.

Dr Heinz Schimmelbusch, the Metallgesellschaft board member responsible for raw materials (and countertrade), sees countertrade in a practical light as simply "a service to arrange an export transaction."



Metal dealers in Metallgesellschaft's Frankfurt offices, the centre of the group's trading activities.

He estimates that countertrade makes up 15-20 per cent of world trade and believes it will continue to do so in the immediate future. Pressure for countertrade rises more than proportionately with the size of a trade deal, he says.

Dr Schimmelbusch is an Austrian educated in West Germany and the U.S. and had investment banking experience in the U.S. His familiarity with the business world on both sides of the Atlantic has helped to formulate ideas and forge links which have given impetus to Metallgesellschaft's countertrade involvement.

Under recent agreements, First Boston-Metallgesellschaft (FB/MG) has been set up to offer integrated countertrade and financing services. It is a partnership of First Boston of New York with MG Services, which in turn is a partnership of Metallgesellschaft and Dreyfus.

Originally, MG Services was set up by Metallgesellschaft alone at the beginning of 1983 and in its first 18 months, it handled deals in 12 countries for customers in the U.S., Canada, Western Europe, Japan, South Korea and Australia.

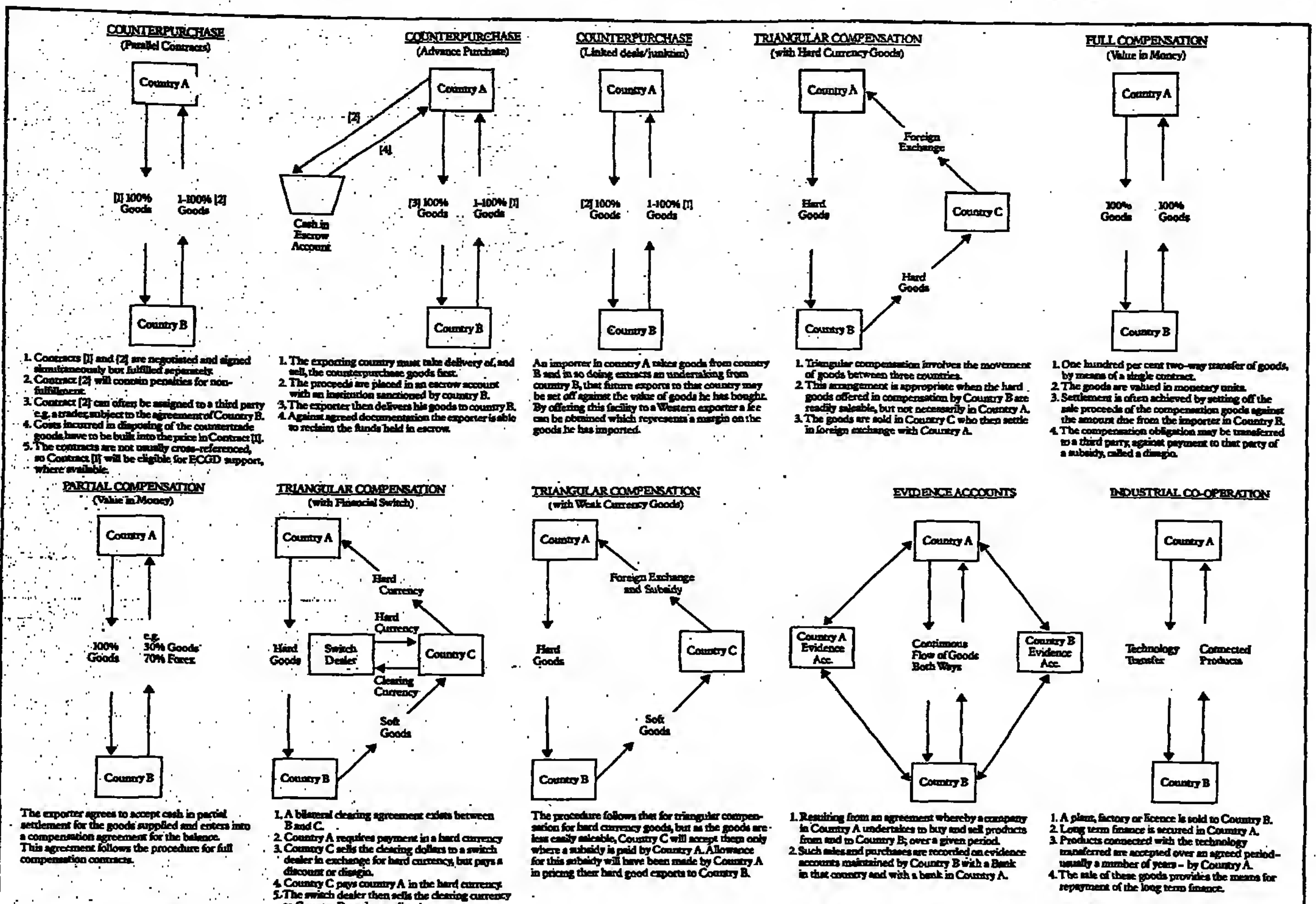
Metallgesellschaft does not give details of the volume of countertrade business it has handled, but this is reputed to have been running at about $700m-$800m a year.

It says that in its raw materials division, countertrade is simply "one of the many areas of expansion. Fees are set in relation to work and risk, and the company says its risk is "normal for commodity trading."

While bank finance and export credit insurance can play a key part in setting up countertrade deals, insurance of "political" risk exposure — such as failure to deliver countertrade goods—has also developed into a significant if specialised area in international commerce.

American International Group (AIG) of the U.S. has been one of the innovatory concerns involved in countertrade insurance, in addition to such institutions as Lloyd's of London. AIG has an interest in a trading agency in China which is involved in countertrade and which also represents Metallgesellschaft.

Countertrading 3



Source: BARCLAYS BANK

COMMON TYPES OF COUNTERTRADE

No business for faint hearted

Types of Trading

FRANK GRAY

TO MANY small exporting companies, especially those new to the world of international commerce, the term countertrade simply means a straight swap of goods between two parties. At the very most, it will mean the combined use of goods and cash to pay for an export.

But to its most successful practitioners — the big multinationals and trade brokers — countertrade embraces at least a half dozen techniques, and many more intermediaries, to help close what is essentially a bilateral trade deal.

As Mr E. S. Finley, chief executive of the New York based International Commodities Export Company, pointed out recently, countertrade "may mix governments and private industry, developed and developing nations and high-technology and cotton industries."

"This is where the experienced countertrade professionals excel—in structuring a workable deal that is acceptable to all the parties involved."

But, as some trade brokers point out, just as the term barter has given way to countertrade, so countertrade is now increasingly being absorbed into the larger concept of "financial engineering."

Deals that start out using one form of countertrade, sometimes wind up using another, or even turn into some other type of transaction involving export finance. Indeed, some are not concluded, so great are the complexities involved. It is no business for the faint of heart.

The following is a digest of terms used by the international trading community under the umbrella of countertrade.

> Countertrade embraces at least half a dozen techniques, and many more intermediaries, to help close what is essentially a bilateral trade deal

● **Barter:** A straightforward exchange of an exporter's goods for goods and/or services supplied by the importing nation. Cash is not a major component of the transaction except for commissions and service fees paid to intermediaries. Barter is comparatively rare, especially on a straight commercial deal.

● **Counterpurchase:** The most widely-applicable form of countertrade, it requires the exporter to accept part payment in kind for goods shipped. Cash is the key ingredient of the deal, but payment with goods can range from a small fraction of the overall contract value to most of it. Goods offered in payment may often be unrelated to those provided by the exporter and will require involvement of third, fourth, fifth and even more partners to ensure their disposal. Counterpurchase has traditionally involved dealing between Western nations and the Comecon bloc but increasingly involves East/West interests in trade with the developing world.

● **Buy-back:** A long-term form of barter and regularly used in trade with the Soviet Union and other centralised economies. It calls on the suppliers of plant or equipment to agree to repayment in the future output of the investment concerned. Buy-back agreements tend to be for large deals and extend over longer terms than normal barter or counterpurchase agreements. The advantage to the exporter is in the use of often inexpensive labour and raw materials of the importing nation and in establishing a presence in a market deemed to have long-term potential.

● **Offset:** A frequently used trading tool in transactions between industrialised and developing countries, it involves an "offsetting" investment by an exporter in an importer's country, to help create employment and give the importing nation leverage to pay for the goods. Offset is used regularly in commercial aircraft and defence deals and the amount of locally placed investment can often run into the billions of dollars.

● **Switch Trading:** Used in correcting imbalances in long-term bilateral agreements, switch trading often involves complex tie-ups between buyers, sellers and brokers in different markets. In switch trading, one nation's trade surpluses with a partner country can be tapped by third parties, so that, for example, UK exports to Brazil might be financed from the sale of Polish goods to the UK or elsewhere.

● **Evidence Accounts:** A device used to help an exporting interest meet counterpurchase requirements in a client country. An evidence account enables the exporter to debit its own counterpurchased imports and credit its exports over a period of time rather than counterpurchasing goods on an item-by-item basis to match the exports. The object is to maintain the evidence account in balance year by year.

Installing a Rolls-Royce engine on the Boeing production line in Seattle. In a US$1bn deal, Boeing countertraded aircraft for Saudi Arabian oil.

Damaging influence to the cohesion of Opec

Oil Producers

CHRIS CRAGG

IRAN'S National Oil Company (NIOC) recently offered to buy $1-worth of Japanese goods for every $2-worth of contracted crude sold to the Japanese trading companies. Given that the offer was made only a month before the December meetings in Geneva of the Organisation of Petroleum Exporting Countries (Opec), the Japanese bad plenty of reasons to be sceptical.

In common with most of the world, they believed that the contracted price of cruda was likely to fall in the second quarter of 1985. To tie themselves into a medium-term countertrade deal for crude, just as the price started to fall, would be to risk making a loss on the re-sale of the crude in Japan. Unhappily, bowever, if Iran did not pay for Japanese goods with crude, it could not buy them et all.

The incident reveals a great deal ebout the murky world of countertrade deals in oil. First, its extent: roughly 13 per cent of total Iranian crude production of 1.8m b/d goes to Jepan and accounts for around 6 per cent of tbet country's crude imports.

Although in barter and countertrade deals generally, dollar valuations do not have much meaning, on an annualised basis it suggests that Iran was offering to buy over $1bn worth of Japanese goods with crude. Second, it suggests that if Japan insisted on dollar payments for its sales to Iran, then its trading companies might lose the equivalent amount of business; if the offer was extended over a full year.

The Japanese, given the uncertain state of the oil market, are increasingly wary of Iranian crude purchases through countertrade. The fact that they received such a precise and firm offer is to a great extent an indictor of their falling interest in Iranian crude at current contracted prices. However, they are not alone in receiving such suggestions.

Since 1982, NIOC has had a comprehensive plan for countertrade and is thought to have bartered $20bn worth of crude since the war with Iraq began. As the Greeks discovered last August, the Iranian Government knows exactly what it wants for its crude.

Mr Evangelios Kouloumbis, then the Greek energy minister, received 1m tonnes of Iranian crude (with an option of a further 500,000 tonnes) for 150,000 tonnes of wheat, large quantities of eggs, chickens, tobacco, aluminium pots and pans and an airlifted tranche of much-needed pharmaceuticals; presumbaly for the war effort.

As far as is known, Iran is now paying for Soviet construction, Yugoslavian ships, West German steel, Pakistani commodities and Taiwanese machine tools with crude. Syria gets 1m tonnes for keeping the Iraqi oil lines from Kirkuk firmly shut.

Matters are not very different on the other side of no man's land, with one important difference. Not only does Iraq bave to resort to barter and countertrade to sell its own crude. It also bas to resort to such deals to dispose of the war relief of other states to the south. Saudi Arabia is no longer in a position to donate unlimited quantities of hard currency.

As the barter deal for Boeing jumbo jets (see table) revealed, the Saudis themselves are not above supplying oil as direct payment for goods. That deal was worth, on the face of it, just under $1bn for 34.4m barrels of crude. Saudi aid in oil to Iraq amounts to 70,000 bd; or two-thirds of a jumbo deal each year.

Some 300,000 tonnes of this relief crude went to Sri Lanka for tea. Brazel traded Brazilian-built Volkswagens for 65,000 bd of Iraqi crude in one deal and hartered 71,000 tons of beef in another. India also received oil for construction work. Each of these countries had substantial foreign exchange reasons for accepting countertraded oil.

For a country like Brazil, which also countertrades extensively for Nigerian oil using basic commodities, the deals short circuit the whole question of Western debts and hard currency shortages. Cash dollar receipts beve a habit of disappearing either into the U.S. bank accounts of private persons or as official interest payments to the same banks.

Sri Lankan tea deals also avoid the embrace of Western commodity markets. The value of the goods exchanged may well not match their theoretical dollar value, but the deals are in the control of the national institutions responsible, not the internetional credit system.

For Western companies, however, countertrading for oil is more problematic. Just as the Japanese have reason to fear a downward moving oil market, the French have already suffered from it. The construction company Technip countertraded 1.2m barrels of Iraqi oil as a downpayment on a new lube oil complex et Baiji. Its contracted worth was $29.43 a barrel and the oil was sold at $27.40 on the spot market, to Greek interests.

Taken in straight dollar terms, this suggests a loss of $2.4m to the French company. However sucb an estimate is almost certainly unfair. Aside from compensation on the deal as a result in the fall of the franc against the dollar before the crude was sold, nobody outside Technip can possibly be sure what the deal was really worth.

In the first place it is not clear precisely what goods and services were offered to the Iraqis for the crude. Second, if Technip had not been prepared to accept oil, then it certainly would not be building the plant; indeed the plant might not have been built at all.

The same can broadly be said about Western oil-for-arms deals. After a year of negotiation, Dassault has now egreed to supply Abu Dhabi with 18 Mirage fighters for 15m barrels of crude. The oil is expected to go to CFP.

Theoretically the French company should be getting more oil for its planes since the last Geneva/Opec meeting, but again the question is who discounts what in a deal of sucb size.

The theoretical loss from a cut in the price of Abu Dhabi crude is less than 1 per cent of the deal. Currency shifts and cost over-runs could account for it, as could "goodwill," and nobody at either end of the deal is likely to say.

If such Western oil deals seem opaque, they are clarity itself in comparison with the activities of the biggest arms-for-oil countertrader, the Soviet Union. Libya, which has also paid its Italian, Greek and Indian debts in crude, is thought to be the main crude supplier. Iraq also contribntes in return for weaponry.

Putting a value on such deals however is effectively impossible. Rouble-denominated goods cannot be accurately measured in dollar terms and, in addition, some of the Soviet imports are re-exported to the West.

Although such a mechanism may damage Libya's capacity to export its crude direct to the West, from Libya's point of view it is highly valuable; not least because the West will not sell arms to Libya for hard currency or crude.

Oil countertrading clearly damages the cohesion of Opec, although it should not be assumed thet all deals constitute breaches of the quota system. Deals with Brazil, South-East Asia and the Indian sub-continent will continue even if Opec creates a much stronger quota control system.

The damage lies in the secrecy of the deals and the real value of the received goods. Countertrading effectively creates a series of rigid bilateral trading relations and thus threatens a free market in oil. Its origin lies in the weakness of commodity markets, the repatriation of the world's leading trading currency and consequent foreign exchange problems for primary commodity exporters. If the oil market continues its decline in the second quarter of 1985, then more countertrade deals in oil can be expected. If the dollar continues to strengthen against European currencies, then more European countries may respond. Petroleum Intelligence Weekly, by far the best source of information on such deals, suggests that 15 per cent of Opec crude is now countertraded.

If this is correct some $26bn worth of crude has left the free market.

Chris Cragg is editor of the Financial Times Energy Economist.

Known countertrade deals in crude oil

Supplier	Recipient	Counterpurchase	Details	$ value	Quantity
Iraq	Sri Lanka	Tea	INOC and Ceylon Petroleum	—	300,000 tonnes/yr
Iraq	India	Construction	—	$150	60,000 bd
Iraq	France	Arms, aircraft	—	—	80,000 bd
Iraq	USSR	Arms, constrctn	—	—	23,000 bd
Iraq	Brazil	Cars, beef	Volkswagen	—	160,000 bd
Iraq	France	Construction	—	—	1.2m barrels
Iraq	France, Italy	Export pipeline	Saipem	$500-$800m	17-30m barrels
Iran	Greece	Wheat, cotton, eggs, etc	—	$300m	30,000 bd
Iran	Japan	Steel, cars	Nissan, Kobe Steel, Showa Oil	—	150,000 bd
Iran	Pakistan	Commodities	—	—	20,000 bd
Iran	West Germany	Steel	—	—	—
Iran	Yugoslavia	Ships	Ship delivery in 1987	—	30,000 bd
Iran	Syria	Goodwill	Iraq pipeline closure	—	1m tonnes
Iran	USSR	Construction	—	—	61,000 bd
Iran	Taiwan	Machinery	70 per cent value in oil	—	—
Qatar	S. Korea	Construction	Daelim desalination plant	—	1.57m barrels
Qatar	Japan	Construction	Sumitomo, Hyundai	—	—
Qatar	France	Construction	Alsthom-Atlantique	—	—
Qatar	Italy	Construction	Ansaldo	—	—
Libya	Italy	Debt repayment	Via Agip	$570m	40,000 bd
Libya	Greece	Debt repayment	—	$25m	18,000 bd
Libya	India	Debt repayment	Not for spot resale	$200m	—
Libya	USSR	Arms	—	—	122,000 bd
Saudi Arabia	U.S., UK	Aircraft	Boeing, Rolls Royce	$1bn	34.4m barrels
Nigeria	Brazil	Oil products	65,000 bd of product	$500m	110,000 bd
Nigeria	Brazil	Paper, sugar steel	Started September	—	40,000 bd
Venezuela	Brazil	Sugar	Sugar debt	$147m	—
Venezuela	Caribbean countries	Local produce	—	—	30,000 bd
Abu Dhabi	France	Aircraft	18 mirage jets	—	2m tonnes
Malaysia	Brazil	Iron ore	Plans to increase barter to $200m	$30m	10,000 bd
Malaysia	U.S.	Aircraft	F20 fighters	—	—
Mexico	Venezuela	Loan payments	Soft loan system	—	100,000 bd

Source: FT Energy Economist

Of growing importance in obtaining business

South East Asia

CHRIS SHERWELL

LATE LAST year, the British Steel Corporation put in what was believed to have been the lowest bid for a small but important contract to supply rails to Malaysia. But BSC failed to secure the deal, and last month the order looked almost certain to go to Poland.

The difference, it turned ont, was an element of countertrade, though there were also suspicions—said by the Kuala Lumpur Government to be unfounded—thet BSC actually missed the contract because of a separate argument over Malaysia's air traffic rights to London.

Either way, the case provided e sharp illustration of the new relevance of countrtrade in South-East Asia. Both Malaysia and Indonesia are major supporters of countertrade in the region, while the Philippines, Thailand and even free-trading Singapore have also been involved in such arrangements.

Indonesia is reckoned to have led not only South-East Asia's but the whole developing world's interest in countertrade as a means of financing imports and increasing exports.

The policy hegan at the start of 1982 when the country, Asie's largest oil and gas exporter, faced a stagnation in petroleum revenues and needed to promote its non-oil exports.

According to the terms of the policy, foreign winners of public sector construction and procurement contracts valued at more than Rp 500m (US$465m) bave to buy Indonesian goods or commodities equal in value to the foreign content of the supply contract.

Under deals agreed so far, Indonesia has bought items like fertiliser, factory equipment, drilling gear, telecommunications equipment, locomotives and railcars in exchange for rubber, cocoa, coffae, tea, plywood, cement and garments. The foreign suppliers face a penalty if they do not meet their commitments.

In 1983 Indonesia extended the policy to cover oil, and negotiated with Singapore to buy the refined prodncts it needed like kerosene or diesel (and even soma Middle East crude) and to sell others wbich it had difficulty marketing, like low sulpbur waxy residue. This barter arrangement changed again last year when Indonesia virtually ended long-term processing deals with Singapore because its own refining capacity bad been expanded.

According to Government figures, Indonesia had concluded e total of U.S.$817m in export contracts under counterpurchase arrangements by July 1984, and slightly more than half bed been implemented.

Though this amounts to a fraction of Indonesia's total non-oil exports (about U.S.$4.9bn in 1983) or total imports (around U.S.$15bn), and is well below the hoped-for U.S.$2bn e year, it is a substantial figure by comparison with other countries in the region and the policy bas probably belped increase Indonesian exports.

Major foreign importers under the arrangements have heen West Germany (some U.S.$240m), Japan (U.S.$150m) and the U.S. ($88m). The figure for Britain was U.S.$22.7m.

Following the Indonesian example, Malaysia in June 1983 ordered government departments to try to include an eiement of counter-trade in their purchases. The Trade and Industry Ministry set up a special countertrade unit to serve as an information clearing house and provide advice and guidance.

Broadly speaking, the Government wants to promote Malaysian industry as well as exports, and would therefore prefer to sell industrial products which are difficult to promote abroad rather than the traditional commodities it can sell on conventional markets, like palm oil, tin, rubber or timber, all of which Malaysie produces on a grand scale.

Inevitably, perhaps, this has been less successful than hoped, although some significant counterpurchase deals have been done. One concluded in 1983 involved the purchase of two naval patrol boats from South Korea, one of them to be paid for with crude oil, refined palm oil, textiles, timber and electrical products.

In another deal, switchgear bought from Yugoslavia was to be paid for with rubber and tin for four-fifths of the contract. In a third case, involving Brazil, Malaysia concluded two separate contracts in which the net effect was to exchange crude oil for Brazilian iron ore in a signficant "South-South" deal.

By last September, Malaysian Government and statutory bodies had purchased M$57m-worth of goods under countertrade arrangements, according to one minister—a relatively small amount.

More recently, several commodities—crude palm oil, logs, sawn logs and tin—were actually taken off the list of goods which could be included in countertrade arrangements.

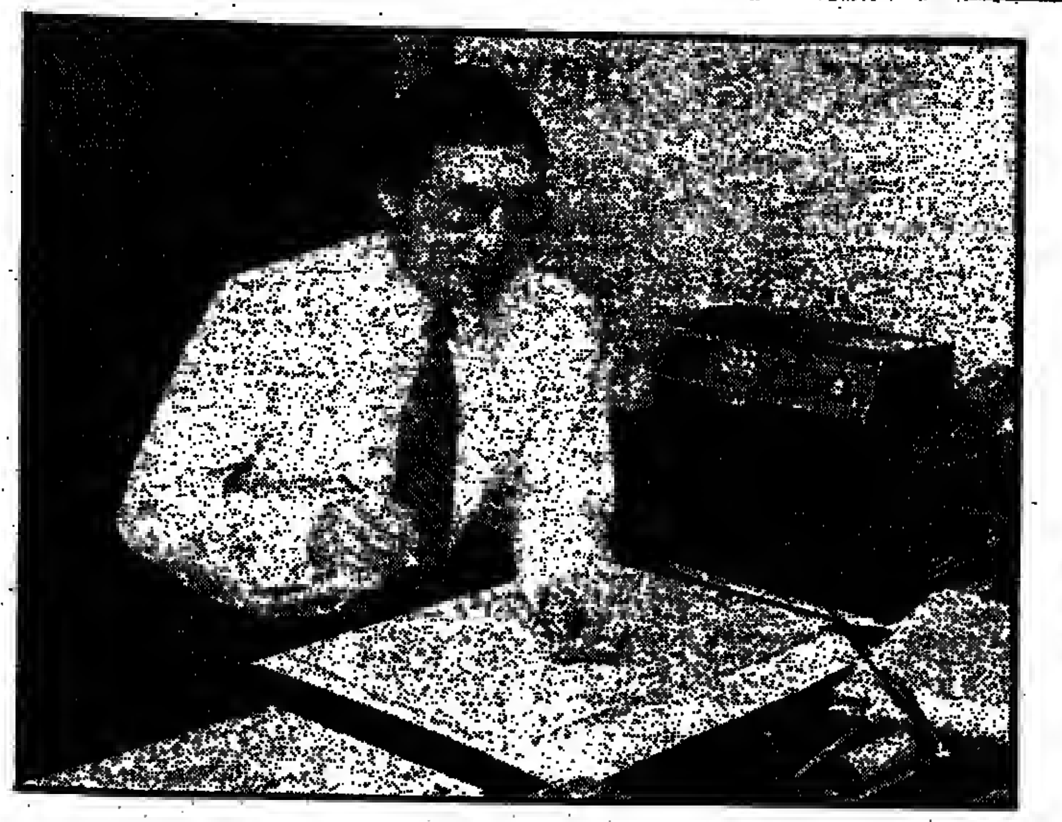
The Government nevertheless remains committed to the policy, and bidders for Malaysian contracts—as shown by the recent British Steel case—stand to benefit if they can offer the option of a counterpurchase arrangement.

In the debt-burdened Philippines, where the problems and costs of securing foreign exchange have reduced trade overall, there have been plenty of proposals for barter-type deals, but none of significance have been concluded since the country's economic crisis blew up in 1983.

The last notable contract was concluded with the Belgians, and involved a defence purchase in exchange for Filipino handicrafts and furtniture in a deal worth around U.S.$5m. One problem is finding suitable Filipino goods to exchange.

Thailand is the most recent participant in formal countertrade in South-East Asia, and hit the beadlines last September when a private trade mission returned from Moscow with a basic agreement on a counertrade pact with the Soviet Union.

Under the accord, the two countries' first bileteral trade agreement, the Soviet Union is expected to buy garments, tapioca flour and maize, and probably sugar, rubber and rice, in exchange for Soviet fertiliser, petrochemicals, hardwood and machinery.



LEFT: Mr Colin Comery, countertrade manager of National Westminster Bank. He explains that a sudden surge of enquiries made it necessary for the bank to build up and centralise its services

A floodtide of activity

The UK

FRANK GRAY

A SMALL announcement recently disclosed that a subsidiary of Austria's Creditanstalt - Bankerverein, AWT Vienna, was opening a London office. The purpose of the move it said was to "provide countertrade services for UK corporate customers."

By itself, such an announcement would ettract only cursory ettention from the City of London's business community. But taken in the context of the times, it is the latest in what has become a floodtide of ectivity by British banks, foreign banks hased in the UK, and trade brokers themselves as they respond to the surging interest shown by businessmen in countertrade.

Such interest stems from the unnevenness of world economic recovery, the world debt crisis and the decision by many developing nations outside the Comecon bloc to embrace various forms of barter — countertrade — in their business dealings with Western trading partners.

In the last year, there has been a flurry of announcements in the City of London on the establishment of countertrade services. The leading clearing banks, Midland, National Westminster, Lloyds and Barclays, have all established countertrade sections within their export finance departments.

They follow earlier moves by some of the U.S. majors, such as Citicorp and Manufacturers Hanover to establish countertrade hases in the UK.

The hanks' services themselves amplify the activities of such big trade brokers as Merban, an autonomous unit of the Continental Grain Company of the U.S., and Metallgeschellschaft Services, the countertrade arm of the West German metals and minerals company.

In fact the West German group has chosen London as its countertrade beadqoarters—rather than New York or Frankfurt—because of the City's role as a centre of world commodity trade. The company has recently established partnerships with the Louis - Dreyfus grain trading group of France and with First Boston Bank of the U.S.; moves which will allow it to broaden its expertise into agricultural goods and in trede finance servíces.

Towards the end of the year, a new organisation, Batis International Business Services, set up Europe's first computer data service to bring together sellers and buyers of countertraded goods and to provide information on national countertrade practices. The Batis operation complements a similar service started two years ago by Boston-based World Trade Data Systems.

The trading community points out that countertrade advice is nothing new to the U.K. Said Mr Colin Comery, National Westminster's countertrade manager: "We have been providing advice on countertrade for a long time, but in a far less organised way until now. The sudden surge in inquiries made it necessary for us to build up and centralise our services."

To Kleinwort Benson, the merchant bankers, countertrade has been bread-and-butter business for nearly two decades.

Kleinwort joined Bank Handlowy of Poland and Banco di Sicilia of Italy 15 years ago in setting up Centro Bank in Vienna with a specific brief to provide export finance and countertrade expertise for clients seeking business deals with the Comecon bloc.

When the recession, and Poland's debt crisis, began impinging on business growth in Comecon, Kleinwort was able to take advantage of the sudden countertrade boom emanating from the developing world, particularly Indonesia.

While deals of £100,000 involving counter-purchased goods were routine in Eastern Bloc dealing, deals of £10m became commonplace in Indonesia trade, and the hank has put together counter trade packages worth up to £100m.

Dowty-Meco became the first UK company to win a deal in Indonesia under the countertrade scheme, supplying £19m in mining equipment in exchange for an equivalent amount of commodities. Samuel Montagu, the merchant bank, helped organise the deal and Citicorp handled the countertrade.

The hig clearers are generally circumspect about how much turnover is being generated from countertrade.

National Westminster discloses that it is covering its costs and has, in two years, helped put together some £2bn in deals. Others decline to reveal revenue figures, but all express frustration at the high "talk-to-action" ratio in countertrade; with often as many as 20 inquiries coming in before a single deal is put together.

While there is confidence that countertrade is here to stay for as long as the debt crisis remains, the trading community is concerned that the field may take on the aspect of the British travel industry—more people are travelling than ever but with so many tour operators in the business yields are tight and rationalisation seems inevitable.

Bankers point out, too, that while most inquiries are coming from the British business community, the largest deals emanete from the banks' overseas customers.

One unresolved issue is whether or not banks should act as principles in countertrade deals or confine their activities simply to the structuring of deals.

Of the UK clearers, only Midland, with the establishment of Midland International Trading Services in Vienna, has shown it is prepared to take title to countertraded goods.

Some of the U.S. banks, such as Citicorp have been able to operate trading companies as a result of U.S. hanking reforms several years ago.

At the corporate level, Britain's main strength in countertrade is through its large companies such as ICI, the chemicals group, British Aerospace and the BL car company. Many of these companies have their own countertrade departments are are long accustomed to accepting goods in part payment for exports. Co-operation between them and the big brokers, such as Metalleschellschaft, is a well-established fact of trade life.

It is in the smell and medium companies that there is a lack of trade expertise. One reason often cited is thet in the UK companies are not required to be members of their chambers of commerce, whereas throughout most of Continental Europe national companies are.

As a result, chambers in Europe have far greater influence on their members and are repositories of edvice on countertrade and other developments in trade.

To help close the gap, the UK Department of Trade last year published a guide for exporters, explaining countertrade, and its development, with brief analyses of national countertrade practices.

The Department stresses that the information does not mean that the British Government condones countertrade but that it is obliged to serve the needs of British exporters. By the year-end, 10,000 copies of its guide were distributed to the trading community.

The gateway to countertrade

Vienna

PATRICK BLUM

VIENNA'S REPUTATION as Europe's most strategic listening post for East-West trade and countertrade is drawing an increasing number of companies to the Austrian capital.

Numerous international concerns have established offices there to take advantage of local expertise. The most recent newcomer is Standard Chartered Bank of the UK which opened e Vienna branch in December.

A few weeks later the West Garman Chamber of Commerce in Vienna announced it was expanding its East European department in response to growing demand from West German companies.

That demand for advice from West German companies has been especially strong from small and medium-size concerns with little experience in the area or with countertrade, a device which plays a significant role in trade with Eastern Europe.

The chamber decided to expand its work in Vienna rather than Berlin, which already handles business with East Germany, because of the high degree of expertise aveilable in the Austrian capital.

Vienna is the most activa of numerous Western European cities which have huilt up banking, hroking and consulting expertise in trade with Iron Curtain countries. Other key centres are Zurich, Frankfurt and more recently, Helsinki, all distinguished by their proximity to the Centralised economies to whom countertrade is such an important tool.

Vienna's advantages are that it is nearer the market, which is useful for contracts involving servicing, and East European nationals find it easier to travel to Austria than to other Western countries.

Herr Christian Heise, of the West German Chamber of Commerce, suggests that the difficult international climate may have encouraged companies to think that business with Eastern Europe could be done more easily from Vienna.

Many East European officials also seem to prefer dealing with Austrians, with whom they are more familiar. This may explain why many West German companies do their business from Vienna.

The Vienna Chamber of Commerce makes considerable efforts to promote trade and always puts on an impressive display at East European trade fairs, organising meetings and receptions.

Herr Heise warns that there are many pitfalls for newcomers to countertrade. Companies with our experience can often find themselves with serious problems and this is particularly true for smaller businesses. In eome cases exporters find they have accepted countertrade commitments which they cannot fulfill. "We have lots of people who ask for our help after things have gone wrong. We try to help them the best we can but it would be better for them to get in touch with us from the start."

"Our advice to companies which have not done this sort of business before is to take advantage of the expertise that exists in Vienna. If they want to deal with Eastern Europe then they are well advised to get expert help for at least the first three or four years."

Standard Chartered agrees. As the first British bank with e fully fledged branch in Vienna, Standard Chartered hopes to use local expertise to help its own customers and members of the Standard Chartered group worldwide.

The branch will be "a window on Eastern Europe" and act as an Eastern European centre for the group, says Mr Norman Holden, director.

"We want to help countries within our network to develop their trade with Eastern Europe, especially these that have no formal relationship or dealings with Eastern Europe or the Soviet Union," he states.

"Expertise in countertrade is difficult to acquire as each deal is different. On tha other hand, there are banks and companies in Vienna which have a particular expertise in this field and we hope to work closely with them," says Mr Helden.

Marie Hilfer Strasse, Vienna. The body of expertise in the Austrian capital has led to the putting together of an increasing number of countertrade deals in Asia.

He argues that since the bank is represented in some 60 countries it will not be taking business away from local hanks but hring new business to Vienna.

Centro Bank, which is jointly owned by Banco di Sicilia of Italy, The Bank fur Arbeit und Wirtschaft of Austria, Bank Handlowy Warszawie of Poland and Kleinwort Benson of the UK, is one of the most successful countertrading houses in Vienna, handling deals all over the world.

In fact, it is the hody of expertise built up in Vienna that is now giving it a strong position in putting together countertrade deals in other parts of the world, particularly developing countries in Asia.

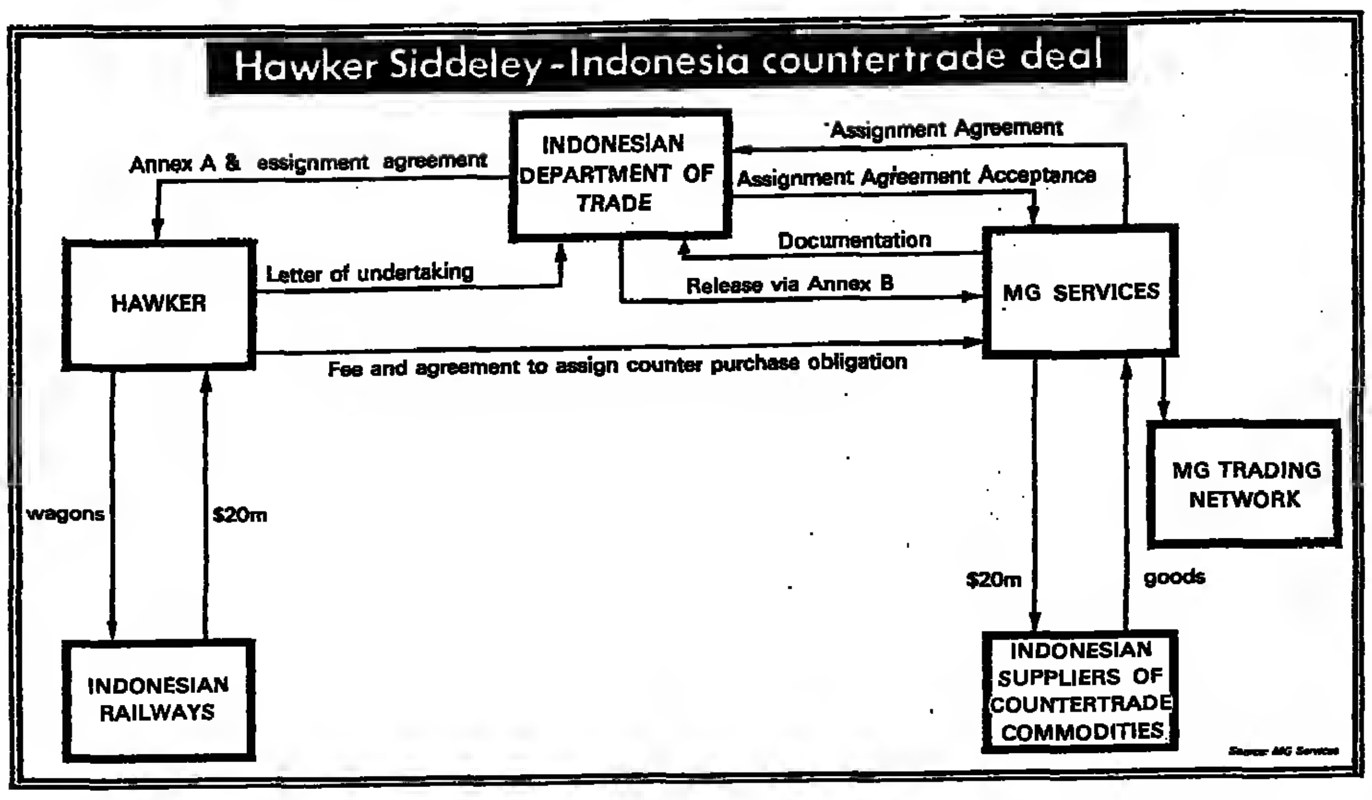
Herr Christian Sperk, general manager for trading, says that Centre Bank handles the largest volume of countertrade business in Indonesia one of the most active of Asia's countertrading nations.

Pressure for countertrade is growing, including that from countries not previously involved in this type of business, be says. The greatest pressure just now seems to come from Malaysia where many companies have been told to include countertrade arrangements in their bids.

The Malaysian Government bas issued a document listing products for countertrade and setting out strict conditions for bank guarantees. In its present form the document is not really acceptable, Herr Sperk says, but he is hopeful that it will be amended.

The next few months should see the first large countertrade deal in Malaysia involving a private company and he says he is hopeful that Centro Bank will be chosen to handle it.

More than 2,500 years after the invention of money, barter is making a comeback. Vienna certainly hopes to benefit from this new found interest in what is the world's oldest form of trade.



Importance of expert advice

HAWKER SIDDELEY Canade recently was awarded a contract by the Indonesian State Railways to supply $20m in railway freight carriages.

The contract called for the supply of 259 coal wagons, 45 flat wagons, and 75 sand ballast wagons as well as spare parts.

Before the deal could gain approval, Hawker was required to enter into a counterpurchase agreement equivalent to the full value of its contract for the purchase of Indonesian plywood, rubber, paper, textiles end cocoa.

Such are the intricacies of countertrade that the entire deal involved separate negotiations between Hawker and Indonesian Railways, Hawker and Indonesia's Department of Trade, Hawker and MG Services (whom Hawker contracted to take over the obligation to buy and dispose of the countertrade goods), Indonesian Railways and the Department of Trade, MG Services and the Department of Trade and eventually MG Services and those organisations providing the final outlet for the goods.

Because the contract contained a 50 per cent penalty clause for non-fulfilment, in this casa $10m, the deal points to the importance of any tenderer getting expert advice at the outset of any transaction involving countertrade.

The following is e step-by-step description of the documentation exchanges that took place and connected with the counterpurchase element of the deal.

● Detailed agreement between MG Services and Hawker Siddeley, under which MG Services agrees to take over counterpurchase obligation from Hawker if the Canadian company wins rail cars contract.

● Covering letter for letter of undertaking from Hawker to the Indonesian Department of Trade advising of the decision to assign the counterpurchase obligation to MG Services.

● Letter of Undertaking from MG Services to Department of Trade specifying in detail the disposition of the countertarade obligation.

● Assignment Agreement between Hawker and MG Services formally completing the counterpurchase transfer obligation.

● Notice of consent from Department of Trade to Hawker approving the assignment agreement.

● Annex A to notice of consent from Department of Trade to MG Services formally acknowledging the latter's role as principal in disposition of countertrade goods.

● Annex B to notice of consent from MG Services to Depertment of Trade confirming role as principal and confirming compliance with provisions contained in the Letter of Undertaking.

Within this exchange of correspondence are contained numerous protective clauses for both the Department of Trade and MG Services. For example, in the letter of undertaking, MG Services states that "if during the course of performance of our obligations . . . we should be of the view that sufficient products either ere not eveilable or are not of suitable export quality or internationally competitive in price, you sball, at our request, review with us the actual circumstances . . ."

In Annex A, the Department of Trade points out that the countries of destination for the countertraded goods be as specified, as well as other countries "provided your counterpurchase shall not cause any friction in the respective destination, nor cause any friction with existing trade activities by Indonesian traders."

Flourishing as never before

Brazil

ANDREW WHITLEY

"PARTNERS in Trouble" was the apt slogan coined by Cotia Comercio Exportacao e Importacao SA, Brazil's leading trading company, to label the mutually beneficial countertrade relationship Brazil has built up with Nigeria over the past few years.

Last August Cotia, acting on behalf of the Brazilian Government, won its most spectacular coup to date when it signed a U.S.$500m contract with Nigeria. In return for higher Brazilian liftings of crude oil it is to ship a diversified range of manufactured goods and basic necessities over a 12-month period.

The contract is going so well says Sr Roberto Fonseca, vice-president of the Sao Paulo-based Cotia group, that the annual value is expected to reach nearer U.S.$700m. Moreover, be sees no reason why the deal cannot be renewed annually for the foreseeable future.

The pairing of Brazil and Nigerie in e relationship of this sort is a natural consequence of the external liquidity crisis which hit both countries — for different reasons — in 1981 and 1982.

For a country like Brazil, beavily dependent at the time on imported oil and industrial inputs, the debt crisis had left the Figueiredo Government with little recourse other than to seek out, wherever possible, trading errangements whicb would minimise the cost to foreign excbange reserves.

Nigerie through this means could, meanwhile, secure guaranteed oil export contracts for edditional volumes of crude — at e time wben the oil market was fast deteriorating.

Strictly speaking, countertrade —in the sense of casbless transactions — is probibited by law in Brazil. Yet, paradoxically, for the past 12 years the Government has ectively promoted a straightforward countertrade scheme, in the form of its Befiex export programme.

Aimed at boosting exports of mainly manufactured goods through the granting of import and tax concessions, Befiex bas brought handsome rewards to the country's balance of payments. To date it has generated a net trade surpins of U.S.$47.1bn. It has also, incidentally, become the mainstay of several multinational manufacturers' viability in Brazil.

Despite the well-known dislike for countertrade shown by the International Monetary Fund (IMF) — under whose supervision the Brazilian economy remains — and by the General Agreement on Tariffs and Trade (Gatt) — of which Brazil is an active member — its pursuit by Brazil is currently flourishing as never before.

In addition to the specific case of the Befiex programme (which undoubtedly restricts the scope for normal, free commerce), countertrade as practiced by Brazilian companies falls into three major categories.

● Clearing bouse accounts with most East European nations, notably Romania, Hungary, Bulgaria and East Germany. But after the Polish debt crisis, which left Brazil with about U.S.$1.7bn in blocked official credits, this is a declining area.

To make beadway into markets which have a limited espacity for absorbing the sort of goods Brazil wants to sell, recourse is frequently made to elaborate triangular operations.

Transformed

For example, Companhia Vale do Rio Doce, the state-controlled mining company, recently sold iron ore to Romanie in a transaction which involved Interbras, trading arm of the Brazilien state oil company, buying Romanian manufactured goods for sale in third country markets. Payments were channelled through Brazil where "clearing account dollars" were transformed into "free dollars."

● Reciprocal credit conventions arranged under the auspices of ALADI, the Latin American inter-governmental trade association. These operate through compensation eccounts settled quarterly at meetings of the region's central banks.

Inter-regional trade is still relatively small in Latin America. But, with the ective support of multinationals' local subsidiaries, it could be a fast-growing area for countertrade operations.

General Motors do Brasil is currently in negotiation with Venezuela, for instance, for the import of vehicle components in return for Brazilian CKD vehicles. There is elso talk of diversifying into the import from traditional Latin American markets of non-related goods such as air conditioner parts.

The advantages of such operations are clearly that they maintain a market presence at e time when many Latin American countries are severely squeezing all imports. In addition, they have the benefit of not involving any payment risks or additional "exposure" for tbe parent companies in the U.S. or elsewhere, because of the reciprocal credit arrangements.

● Bilateral agreements with Brazil's oil suppliers, both Opec and non-Opec members. This category has produced the most spectacular deals over the past year, involving Angola (vehicles and engineering services), Nigeria (everything from sugar to chemicals, paper and machinery), and Iraq (vehicles, food and engineering services).

Payment errangements are commonly made through Escrow eccounts beld in the U.S. or Western Enrope, usually in branches of common banks. Contracts are denominated in U.S. dollars and are kept separate, although performance and term are naturally linked.

This variety of countertrade has undoubtedly produced the best results. Recent examples are the December 1984 $630m agreement between Volkswagen do Brasil and Iraq, and tha $750m agreements several Brazilian companies, led by Norberto Odebrecht, a leading contractor, signed with Angola in November.

But it has olso produced the highest rate nf collapsed deals. A major sugar-for-oil pact between Brazil and Venezuela fell apart in September 1983. The Venezuelans had become discontented over being locked into fixed value purchase agreements for sugar et e time when its world price was declining rapidly.

Countertrade errangements with revolutionary Iran have elso had e chequered history. For this the Brazilians blame Iran's inablty to guarantee oil supplies as agreed as well as disrupted transport arrangements resulting from the Gulf War.

Despite initial high bopes on both sides of the market scope of this trade mechanism, liftings of crude from Iran are believed to have been temporarily suspended by Petrobras, the Brazilian oil giant.

Oil contracts with other Gulf countries, such as Saudi Arabia, the United Arab Emirates and Qatar, have also been either cut of dropped because of these countries' unwillingness or inability to buy a set volume of Brazilian goods and services in return.

Petrobras takes the initiative in determining whether or not a countertrade linked oil purchase can be made. It then leaves Interbras to identify and procure suppliers and customers.

Publicly, the Petrobras target is to offset as much as half Brazil's total oil imports in this manner. Implemented successfully, this alone could generate over U.S.$3bn in eddifional export revenue for Brazil this year.

The pragmatic Brazilian Government adopts a case-by-case approach to countertrade deals. And it has strongly encouraged offset purchases in the case of the import of high value capital goods such as aircraft. Boeing and Hughes of the U.S. are both believed to have participated in such deals.

Major exception

Arms are a major exception to the countertrade products list. So too are traded agricultural commodities, except sugar.

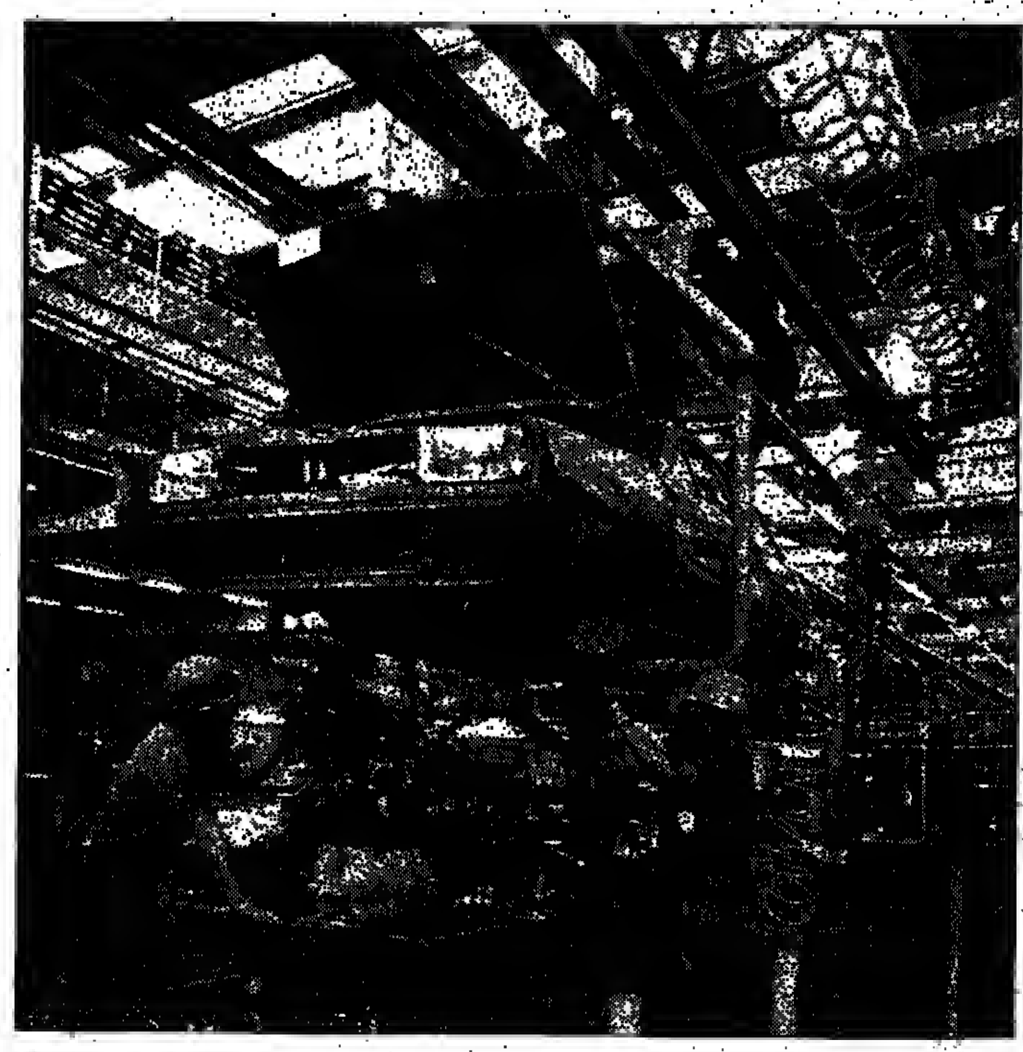
But with these exceptions countertrade has rapidly diversified in Brazil over the past two years, both in terms of goods and markets. Interbras' traditional strength has been in the Middle East and North Africa. But, eccording to Sr Paulo Sergio Cerveira Leite, its countertrade manager, a breakthrough into the Scandinavian market is in sight, in a deal involving the purchase of ships.

Countertrade today represents over 10 per cent of the state company's global revenues (U.S.$2.8bn in 1983).

Cotia also report e sharp increase in this type of commerce, but Sr Fonseca believes its duration could be temporary. "Perheps another four or five years," be says.

In the meantime, Malaysia has been targetted as one particularly promising market. Brazilian tractors, steel tubes, paper and chemical products ere likely to be sold in exchange for natural rubber and oil under e deal said to be at an edvanced stage.

Other good prospects for the future are China and Japan, where Cotia is ebout to open the first trading houses of any Brazilian company.



The Volkswagen prodnction line in San Paulo, Brazil (above). In December last year an agreement worth US$30m was reached to countertrade Brazilian-hnilt Volkswagens with Iraq. This fellowed closely on the beels ef November's US$750m countertrade deal between Angola and several Brazilian companies led by Nerberto Odebrecht, one of the country's major contractors.

Computers come to fore on both sides of Atlantic

Mr Maurice Webb, managing director of Batis. Most of the company's business related to information services and consultancy comes from the UK, while the majority ef inquiries on credit exchange come from abroad.

TWO COMPANIES, one in London and one in Boston, are using computers to make sense out of the welter of information coming to light about potential countertrade deals.

Their information bases contain detailed trade regulatory information on a growing list of countertrading nations, in the UK case 40 nations and, in the U.S. example, 34 nations.

Tbeir clients can gain eccess to the database or can be "matched" on computer with potential trade customers through the use of sucb systems as Prestel in the UK and I. B. Sharpe in the U.S.

The London-based facility was formally launcbed last autumn by Batis International Business Services, whicb is headed by Mr Michael Chapman, chairman, and Mr Maurice Webb, managing director. Its full time staff of researcbers and managers now numbers 20 with an additional 30 part-time personnel based in London end ebroad.

As Mr Webb explained, Batis

Barter Organisations

FRANK GRAY

has actually been in operatien since 1983 but did not decide on an official launch until last year when it bad built np a sufficient database to be meeningful to a wide range of customers.

The idea, be explained, was to "allow subscribers to meet on computer, to make known their needs and expand their business activities rapldiy and efficiently."

Batis Services is structured along three lines; information service using both the computer database and printed country profiles; countertrede consultancy aimed at belping customers put together specific deals; and an innovative credit exchange. Under the exchange, credits are built up by an importer who, for one reason or another, has not been able to use them through reciprocal exports. Having established a credit in the client nation, he then sells it to other parties wbo might be able to capltalise on it.

Most of Batis business, related to the information services and its consultancy, comes from the UK. The majority of the inquiries on the credit excbange service are coming from obroad. Banks with offices in London have used Batis in some 25 deals, and 14 banks are now regular customers.

In Boston, World Trade Deta Systems was set up in 1983 by Mr Eric Skoug. Its database and organisational structure is generally aimilar to that of Batis. It also bas set up a countertrade hot line telephone service operated, says Mr Skoug, by specialists with up to 15 years experience in countertrade.

World Trade Deta Systems publishes a quarterly report, Countertrade and Barter International, and thereby joins a growing number of media groups such as Euro Money Magazine of the UK and Metal Bulletin of the U.S. in publishing countertrade information.

Like Batis, World Trade Deta Systems is expanding into general trade information. Its database bas been expanded to contain information on surpluses of manufactured goods and commodities around the world and it registers suppliers of industrial spare parts in various countries.

SECTION II – INTERNATIONAL COMPANIES

FINANCIAL TIMES

Thursday February 7 1985

Sears, Roebuck profits fall in Christmas quarter

BY PAUL TAYLOR IN NEW YORK

SEARS, ROEBUCK, the world's largest retailer, yesterday reported lower fourth-quarter net earnings. It blamed the decline on an exceptionally competitive Christmas shopping season which reduced profits in its merchandise division.

Sears' merchandise group reported fourth-quarter net income of $446.5m, compared with $460.9m a year ago, on revenues which increased to $8.18bn from $7.95bn. The downturn marked the group's first quarter-on-quarter decline since the final period of 1981.

The Chicago-based group also confirmed that Dean Witter, its Wall Street securities subsidiary and part of its expanding financial services business, suffered a $3.9m loss in the fourth quarter and reported a $32.7m loss for the full year.

Sears said fourth-quarter net income fell by 3.4 per cent to $563.1m, or $1.54 a share, against the record $582.7m, or $1.65, reported in the 1983 final quarter. Revenues increased by 5.1 per cent to $11.37bn from $10.82bn.

The fourth-quarter earnings decline, which Mr Edward Telling, chairman and chief executive, said reflected "one of the most competitive Christmas shopping seasons in history and unseasonably warm weather," surprised Wall Street, which had been looking for a slight earnings gain.

Sears' stock fell 25 cents to $35 a share after the results announcement.

Despite the quarterly earnings decline, Sears posted an 8.4 per cent increase in net earning for the full year. Net earning last year increased to a record $1.45bn, or $4.01 a share, from $1.34bn, or $3.80, in 1983 on revenues which increased from $35.88bn to $38.83bn.

Sears said that in the fourth quarter net capital gains and other income totalled $45.9m, compared with $30.3m a year ago. In the full year it totalled $221.2m, against $86.8m in 1983.

Mr Telling said the merchandise, insurance and real estate groups established records in net income and revenues for the full year. The merchandise group posted full-year earnings of $905.2m, a 15.8 per cent increase over the $781.4m reported in 1983 on revenues which rose by 5.7 per cent to $26.51bn from $25.09bn.

Among Sears' other major operations the Allstate insurance group increased full-year earnings by 19 per cent to $660.7m from $555.1m on revenues which grew to $8.99bn from $8.12bn.

The Coldwell Banker property group posted full-year earnings of $75.8m on revenues of $825.7m, against earning of $48m on revenues of $703.5m in 1983. The gains reflected the sale of shopping centres and improved commercial real estate operations.

Armco $295m loss increases three-year deficit to $1.3bn

BY OUR NEW YORK STAFF

ARMCO, the diversified U.S. steel and oilfield equipment group, yesterday announced a net loss for 1984 of $295m, but warned that this "preliminary" figure might change pending a final evaluation of provisions against the sale of discontinued businesses.

Although the year's loss, the equivalent of $4.55 a share, was down sharply from the $672.5m deficit, or $10.26 a share of 1983, the results mean that Armco has run up a total deficit of $1.3bn in the last three years.

The group said that on the basis of its continuing operations, the loss for the year amounted to $135.6m, compared with a loss of $496.7m in 1983, while sales reached $74.5ba compared to $4.2bn.

In the fourth quarter, however, the results from continuing operations were sharply down, at a loss of $64.8m against a profit of $40.4m. The net loss for the quarter also increased to $64.5m, or $1 a share, against a deficit of $46.8m, or 73 cents a share. Sales for the quarter were up only marginally at $1.1bn.

The results reflect the wide-ranging reorganisation of the company that has resulted in a steady stream of disposals, last year, the company realised a gain of $172.5m on the sale of its West Virginian coal operations.

It also took a charge of $205m to earnings against its oilfield equipment, and made a further $120m provision for a loss on disposal of its financial services businesses, which also ran up a $44m operating loss.

Pepsico may sell sporting goods unit

By William Hall in New York

PEPSICO, the U.S. soft drink and food group, appears to have given up hope of turning round its loss-making Wilson division, the leading U.S. sports goods manufacturer, and is studying its possible sale.

Wilson, which prides itself that every point scored in the U.S. National Footall League since 1941 has been with its footballs, has had an erratic earnings record since Pepsico acquired it in 1970. In 1982, its operating profits peaked at $19.2m. The next year it lost $11.2m, and in 1984 it lost another $16.7m on revenues of $276m.

Last year Pepsico put a new management team into Wilson, wrote off $54m goodwill and restructured its distribution system. At the same time it closed some domestic facilities and began buying overseas.

Now, however, Pepsico says the possible sale of Wilson, combined with its withdrawal from the transportation business announced earlier, would allow the company to better focus resources on its highly-profitable beverages, snack food and food services businesses.

After taking in the previously-announced restructuring charge of $136.3m in 1984, Pepsico earned $212.5m last year, or $2.25 per share, compared with $284.1m, or $3.01 in 1983.

Higher sales for leading U.S. vehicle makers

By Terry Dodsworth in New York

THE BIG three U.S. motor companies last month registered near-record vehicle sales.

Total car shipments by General Motors, Ford and Chrysler amounted to 603,000 units, 9 per cent up on the 553,300 sold in January last year.

Commercial vehicle sales rose even further, by 24 per cent to 269,000 units, with both GM and Ford setting records for the month.

In the car sector, Chrysler achieved the biggest advance, with sales rising by 18 per cent to 85,300 units. The group's commercial vehicle sales, which include the Minivan launched last year, soared by 42 per cent to 47,000 units.

GM car registrations amounted to 367,000 vehicles – a 2.4 per cent increase on 1983 and the best total since 1980.

Ford's car sales rose by 4.1 per cent to 150,800 units, while its truck registrations were up by almost 20 per cent at 96,900.

LAYOFFS AT NEVADA PLANT AFTER TEST FLIGHTS DELAYED

Further setback hits Lear Fan

BY OUR BELFAST CORRESPONDENT

THE DEVELOPMENT of the Lear Fan carbon-fibre aircraft, which is to be manufactured in Northern Ireland with substantial British Government backing, has been delayed by further technical difficulties.

A fault has been detected in the gearbox of the turboprop aircraft during tests at the company's U.S. facility near Reno, Nevada. The lightweight aircraft is powered by two engines that drive a single, rear-mounted propeller.

The U.S. Federal Aviatioa Administration (FAA), which grants an airworthiness certificate, has asked for a further 200 hours of ground tests oa the gearbox once the problem has been resolved.

Lear Fan said in Reno that the need to conserve funds had forced it to lay off 100 of the 175 workers there. It estimated that the certification programme would be put back by about three months.

By that stage, FAA experts should have been putting the aircraft through flight tests with a view to awarding final certification for its 41,000 ft ceiling by January next year. Those flights have yet to begin.

The company is unable to say when it will start recruiting a new workforce in Northern Ireland. Last summer it mothballed its two factories near Belfast and made 320 people redundant until production could start.

The British Government has committed more than £52m ($57.7m) since 1980 to the attempts to set up Lear Fan in Northern Ireland.

In December, with more than $200m already spent on development, members of the Saudi Arabian royal family, who control 85 per cent of the company, injected a further substantial, but undisclosed, sum to take the aircraft through to production. The projected size of the project was scaled down, with the employment target in Northern Ireland cut form 2,800 to 1,100.

Lear Fan's engineers are working in conjunction with the gearbox manufacturer, Western Gear of California, to rectify the fault. However, it is only the latest in a long series of technical setbacks that have dogged the aircraft's development.

The delays, besides adding considerably to costs, may have seriously damaged market prospects for the eight to 10 seat executive aircraft and reduced its lead over competitors.

Changes to the design forced by the discovery of weaknesses in the carbon-fibre structure have added to the weight and reduced the forecast performance of the aircraft.

The light weight, fuel-efficient design was conceived by the late Mr William P. Lear, a leading U.S. aviation innovator. His family and associates persuaded the British Government to back the development in return for jobs in Northern Ireland, but they ran short of cash in 1982 and the venture was rescued by the Saudi-led consortium

BTR wins banks' promise of support if Dunlop bid succeeds

BY CHARLES BATCHELOR IN LONDON

BTR, the broadly-based UK conglomerate, yesterday achieved a breakthrough in its £33m ($37m) takeover bid for Dunlop when it reached agreement with the tyre and rubber group's main bankers that they would continue to finance the company if BTR gains control.

This agreement means that the banks, headed by Barclays and National Westminister, have moved to a neutral corner while Dunlop's board fights to retain control of the company.

BTR has been lobbying the banks since it launched its bid nearly three weeks ago in an effort to weaken their unequivocal support for the new board, headed by Sir Michael Edwardes, which they installed in November.

BTR said yesterday that the arrangements reached with the banks "will introduce a greater amount of new cash to Dunlop than the reconstruction plan provides."

The £142m refinancing package announced in mid-January provides for the injection of £27m-worth of new capital by existing shareholders and new institutional investors and the conversion of £70m worth of bank debt into equity. The banks have agreed to maintain loan facilities of £280m to Dunlop.

BTR and Dunlop's bankers declined to give details of the agreement. It is believed, however, that BTR has had to reduce or drop its proposal that the banks take up £100m worth of its preference shares.

The banks' financial support is essential for Dunlop's future but they are anxious not to be seen to be overriding the wishes of the company's shareholders, who were to have voted on the reconstruction plan tomorrow.

First Boston ahead for final quarter

By Our Financial Staff

FIRST BOSTON, the Wall Street securities firm, finished 1984 with net income marginally down at $79.6m, or $6.22 a share, compared with $80.2m, or $6.63. This was despite a 19 per cent advance in the final quarter to $23.94m from $20.04m a year ago.

Revenue for the latest quarter improved 32 per cent to $156.9m from $118.7m, taking the full-year total 10 per cent higher to $565.9m, compared with $515.4m.

Mr Peter Buchanan, president and chief executive officer, said many areas of the firm showed substantial increases in revenue. He was optimistic that the momentum of the fourth quarter would carry over into 1985.

The firm's merger, acquisition and divestiture business continued to set records in terms of number of transactions and revenues during 1984. The equity operation showed a substantial increase in overall market share and fixed income trading activity increased over 30 per cent from the previous year. Also income from the partnership with Financière Crédit Suisse-First Boston was a record.

Capital funds for First Boston were $648.9m at December 31 1984.

Bass brothers take stake in McDermott

BY WILLIAM HALL IN NEW YORK

THE BASS brothers, the wealthy Texas family which is said to be worth over $1bn, have taken an effective 5.3 per cent stake in McDermott International, a leading energy services company based in New Orleans. The Texas family have been in and out of McDermott shares on several occasions

The Bass brothers' stake in McDermott's warrants, which emerged in a filing with the U.S. Securities and Exchange Commission (SEC), was made amid speculatioa on Wall Street that a new bout of mergers was about to sweep through the depressed U.S. oil sector.

Unocal shares have been the frontrunners in the takeover rumours, but speculation that companies as big as Mobil Oil might be vulnerable to takeover has buoyed up share prices at a time when their earnings are weak.

McDermott, in common with many companies in the energy business, has been hit by the slump in the oil services industry. Analysts said that the Bass brothers' move is in line with their reputation for investing in companies with undervalued assets.

National Can drops buyout

By Our Financial Staff

NATIONAL CAN, the third largest U.S. packaging group, said that a $410m leveraged buyout proposal from NVF, a company owned by Mr Victor Posner, the U.S. investor, will not be completed.

The merger, first proposed last March, would have involved an investor group that included some National Can managers. The company said this week it was exploring alternatives to maximise the long-term interest of its shareholders.

Mr Frank Considine, National Can's chairman, forecast 1984 earnings of about $4.20 a share.

TransCanada boosts net earnings and turnover

BY BERNARD SIMON IN TORONTO

TRANSCANADA PipeLines, the Canadian pipeline operator and energy producer, lifted net earnings to C$252.5m ($189.8m), or C$2.41 a share after extraordinary items, in 1984, from C$228.1m, or C$2.13, a year earlier.

The company set aside a special provision of C$13.4m last year to cover its investment in the Alaska segment of the Alaska Natural Gas Transportation System, in the wake of uncertainty about the short-term future of the project.

Revenues rose from C$3.47m in 1983 to C$4.23bn. Funds generated by operations and equity investments moved up by 15 per cent last year to C$453.8m.

Domestic utility sales advanced by 11 per cent to record volumes, while sales to the U.S. increased by a third. The company said export sales were likely to continue rising this year after a relaxation of price controls on Canadian natural gas exports.

TransCanada PipeLines owns and operates Canada's main natural gas transmission system

Restructuring continues to boost profits at Enka

BY JOHN DAVIES IN FRANKFURT

ENKA, the West German-based man-mada fibres division of the Dutch Akzo chemical concern, has strongly increased its profits fnr the second year in succession as it reaped tha benefits of majnr restructuring measures.

Dr Hans Guenther Zempelin, the chief executive, said net profits for last year shonld amount to about DM 200m ($62m), mnre than double the 1983 earnings nf DM 81m. Consolidated group sales were up a sturdy 16.6 per cent tn DM 4.6bn.

Enka incurred a beavy loss of DM 314m in 1980, but cut the deficit back to DM 20m in 1981 and DM 26m in 1982 as it pressed ahead with a new corporate strategy.

With the West European man-made fibres industry suffering from over-capacity and rising costs, Enka has shed loss-making products and works, modernised its plant and concentrated more on growth sectors, such as industrial fibres.

Dr Zempelin said Enka's textile fibres business returned to profitability last year, but there were still some weak areas, especially in warp and weft knitting.

As part of its modernisation, Enka will invest DM 220m during the next few years in new technology for production of its Diolen flat polyester yarn at Oberbruch, near Aachen. This would make Oberbruch the biggest and most efficient polyester yarn plant in Europe, with almost complete automation of production and bandling. Dr Zempelin said.

He added that Enka was determined to strengthen its position in industrial fibres, which make up nearly half its sales.

Dr Zempelin said profits last year were helped by exceptionally high earnings of DM 30m at Barmag, its machine-making subsidiary, which hoosted sales by more than 30 per cent to DM 580m.

He said Barmag expected considerable orders from China during the next few years as a result of a contract signed last year to belp the Chinese set un a factory.

● **Porsche**, the West German sports ear maker, proposes a dividend of DM 8 per DM 50 par-valued preferred share, its first payout since becoming public in March last year with a nominal DM 60m ($18.6m) issue class B non-voting shares. Porsche posted net profit of DM 70m for the fiscal year ended July 31 1984.

Gambro to cut workforce by 10%

By David Brown in Stockholm

Gambro, the Swedish manufacturer of kidney dialysis machines which was recently taken over by the Sonessons light engineering group, is to cut its staff and reorganise its research and development activities. The move comes amid concern that full-year 1984 results may be well below earlier revised forecasts.

Gambro will cut its workforce hy nearly 10 per cent, or 200. The cuts will mainly affect white-collar administrative personnel.

The company plans to branch off its long-term immune therapy research and development programme into a new company, in which both it and the Sonesson subsidiary, Leo-Ferrosan, will have a one-third stake. It will pursue cancer research among other things.

While the staff rednction primarilly has been billed as a cost-cutting exercise, there is also understood to have been resistance among older employees to the new Sonessons management.

Gambro does not expect cuts in research and development nr in its production facilities and international sales nrganisation, bnt seeks to achieve a "better balance between long- and short-term development projects."

The measures will save the company an estimated SKr 85m ($9.2m) a year by the end of 1986, said Mr Berthold Lundquift, who was moved in as the new managing director by Mr Hans-Erik Ovin, the Sonessons' chief, following the takeover last October.

Gambro was forced to downgrade its forecast twice last year. However, it seems likely that weak sales will bring pre-tax earnings well below the SKr 80m revised forecast of late 1984.

Sonessens paid SKr 800m *for a 57 per cent stake in the* company. It attributes the decline in profits to the disproportionate growth in overheads while Gambro scrambled to keep pace with its earlier success.

Gambro was also hit by production problems in a changeover to a new range of dialysers, for which it holds a 22 per cent world market share.

Jeumont-Schneider to axe 1,190 power sector jobs

BY DAVID HOUSEGO IN PARIS

JEUMONT-SCHNEIDER, the French specialised engineering and electronics group, announced yesterday a major cut in the workforce at its heavy electrical and nuclear division because of the worldwide decline in new orders for power generation equipment.

Jeumont-Schneider, which is a subsidiary of the privately owned Empain-Schneider conglomerate, said that it would be shedding 1,190 jobs in the division, or about a third of the current workforce of 3,045, over the next three years. The heavy electrical activities of the group contributed FFr 1.1bn ($111.5m) last year tn a consolidated turnover of FFr 6.15bn.

The planned cut in the workforce is blamed on the slowing down of tha French nuclear programme as well as the dearth of nuclear power plant orders from abroad.

Jeumont-Schneider is a supplier of key nuclear components—including primary pumps and control rods—to Framatome, the French nuclear power group. The division, which also manufactures turbines, has been badly hit also by the flagging international market for hydroelectric power stations.

Of the 1,190 jobs to go, 560 will be shed this year. As is normal in France, the group hopes to cut its workforce largely through voluntary departures, early retirements and repostings to nther activities in the group. But some 700-800 people are likely to be made redundant.

The group said yesterday that the workload in the heavy electrical and nuclear division *was* 45 per cent down on 1982.

Jeumont-Schneider, which also manufactures telecommunications and railway equipment, made profits in 1983 of FFr 78.3m on a turnover of FFr 5.2bn. Though it has not yet announced results for 1984, it expects that net earnings will be down on the year before. This reflects in part the cost of rationalisation plans already underway and heavy losses run up by its subsidiary, Brissonnean et Lotz Marine, which manufactures cranes and *lifting* equipment used on offshore oil platfnrms.

Gotthard Bank plans expansion

BY JOHN WICKS IN ZURICH

GOTTHARD BANK, of Lugano, in which Sumitomo Bank acquired a controlling interest last July, is planning to expand its activities.

Dr Fernando Garzoni, the chairman, said the take-over had opened "new operating dimensions in the development of traditional activities and the realisation of new projects."

In the preceding twn years, be said, a number of plans had been postponed which could now be continued with. The bold-up arose out of the former affiliation of Gotthard Bank to the Ambrosiann group in Italy.

Dr Garzoni said the bank nnw foresaw the establishment of new representative offices abroad, perhaps in London and New York. Already it bas a subsidiary in Nassau, branches in Nassau and Luxembourg and a representative office in Frankfurt.

Gotthard Bank is also studying the possibility of an acquisitinn. No projects bave yet reached a concrete stage, but this could mean the take-over of a Swiss portfolio-management business.

The bank's balance sheet total expanded by 11 per cent to over SwFr 4.14bn ($1.5bn) in 1984, Dr Garzoni said, but in future the stress would be primarily on non-interest business off the balance sheet.

Gotthard has already announced a SwFr 21.2m one-for-10 rights issue and unchanged dividend of SwFr 14 per share for 1984 after a 7 per cent improvement in net earnings to SwFr 29m.

Sales to banks lift turnover at Nixdorf

By Our Frankfurt Staff

NIXDORF, the West German data processing company, boosted its sales revenue by 21 per cent, to DM 3.27bn ($1.2bn) last year and said that profits, so far undisclosed, were "well above" the previous year.

The company, which went public last year with a DM 550m share sale, is pressing ahead with expansion plans in West Germany and abroad.

Nixdorf said that its sales to banks and retailers were particularly buoyant last year, as well as its business with small and medium-sized companies.

The order book at the end of the year was 22 per cent ahead of a year earlier at DM 3.29bn.

With its sights set on fast growth, Nixdorf increased its investment by 30 per cent to more than DM 400m last year, while research spending was op more than 20 per cent at DM 310m.

It has expanded production capacity at plants at Paderborn and Cologne in West Germany, as well as at Toledn in Spain. It envisages a further increase in prodnction capacity at plants in Berlin, Paderborn, Bray in Ireland and Singapore.

With the stock market launch and the associated capital increase Herr Heinz Nixdorf, the founder and chief executive, set himself the target of doubling the gronp's 1983 sales revenue of DM 2.7bn in four years.

Brazil bank's growth below inflation rate

By Ann Charters in San Paulo

BRADESCO, BRAZIL'S largest private commercial bank, lifted earnings by 214 per cent to Cr 433.2bn ($237m at an average exchange rate for the year). Even so, in real terms, earnings failed to keep pace with Brazil's inflation which reached 223.7 per cent for 1984.

The dividend for the 3.4m shareholders was Cr 1.80 per share.

During the year, tha bank continued its expansion plan opening 87 new branches, bringing the total up to 1,532 throughout the country.

French state airline hit by high-speed train link

BY DAVID MARSH IN PARIS

NET PROFIT at Air Inter, the French state-owned domestic airline, plunged to FFr 1m ($101,000) last year on turnnver of FFr 5bn. This was a sharp reverse from the FFr 20m profit on sales of FFr 4.7bn in 1983.

The company, which transported 10.2m passengers last year, 2.2 per cent more than in 1983, said it was stepping np promotional efforts to win back travellers from France's successful high-speed train linking Paris with the centre and south of the country.

M Pierre Eelsen, the chairman, said business traffic held up well last year, but the number of private travellers—who make up about 40 per cent of Air Inter's sales—declined in the second half of the year.

Overall load factor was little changed at 64.7 per cent, against 64.3 per cent in 1983.

The Paris-Lyon route, one nf the company's most active services, registered a 35 per cent drop in traffic last year from 1983, as a result of the high-speed train competition.

M Eelsen said he hoped the company could recover ground on this link once passengers were assured that the air service was, in fact, quicker than the train.

B & O warns income target may be missed

By Hilary Barnes in Copenhagen

BANG & OLUFSEN, the Danish TV and andio equipment manufacturer, reduced losses in its first-half to November 30. But it warns that the forecast Kr 20m ($1.7m) pre-tax profits for 1984-85 may not be achieved.

If so, this would be the second year that B & O has failed to meet its forecast. Increasingly tough competition and lower earnings from the UK, owing to the depreciation of sterling are cited as reasons this time.

First half sales were 20 per cent ahead to Kr 783m. Sales of audio products rose 27 per cent, and video products by 13 per cent.

Major force created in Dutch pay television

BY LAURA RAUN IN AMSTERDAM

VNU AND FILMNET, the Netherlands's two leading pay-television companies, have agreed to merge their operrtions and thereby secure a near monopoly in the market.

The newly formed partnership, Filmnet Pay Television Nederland, will be the first—and perbaps only—pay-TV company to launch operations wben its programming begins March 29. Pay-TV is to start up in the Netherlands in April.

Television programming companies wanting to provide aubscription-TV must get permission from the Culture Ministry and then find a willing cable operator. Last October programmers received permission from the ministry to operate but since then virtnally nothing bas been beard from most of them.

Besides VNU's pay-TV subsidiary and Filmnet, the other prominent company was Euro TV but its main financial backer has said he wants to sell his stake.

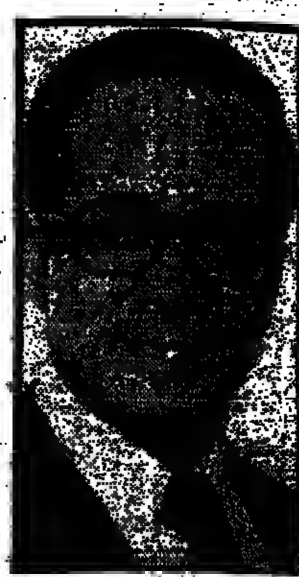
VNU's pay-TV subsidiary is a joint venture between the Dutch publishing company and United International Pictures, which itself involves MCA/Universal, Paramount and MGM/UA, all of the U.S. Filmnet is a joint venture between Houwer, the Dutch film producer, and Esselte, the Swedish publishing company that is active in European cable TV.

VNU will have a 40 per cent stake, Filmnet 40 per cent and International a 20 per cent stake in Filmnet Pay Television Nederland.

The potential market is about 1m subscriptions VNU estimates. One of the biggest impediments for pay-TV concerns bas been the lack of pirate-proof decoders fnr reception of programmes.

David Dodwell on an act of faith by a Far East businessman

Mr Li's Hong Kong power play



Mr Li Kashing

SHORTLY AFTER six in the evening on January 21, Mr Li Kashing, one of Hong Kong's most powerful corporate figures, picked up the ringing telephone in his penthouse office. On the line was Mr Simon Keswick, head of Jardine Matheson—the territory's most venerable "Hong"—and of Hongkong Land.

Less than 16 hours later, Hong Kong's largest ever corporate deal had been sealed. Hutchison Whampoa, Mr Li's trading, shipping and property group, had agreed to pay HK$2.98bn (US$372m) for the debt-strapped Land's 33.8 per cent stake in Hong Kong Electric, one of the Colony's two power utilities.

In the two weeks since the agreement was reached, Mr Li has carried ont a wholesale reshuffling of the Hong Kong Electric board, and has sold a 22.6 per cent stake in Cross Harbour Tunnel for HK$255m

The deal speaks volumes about the man from Chiu Chow, in the neighbouring Chinese mainland province nf Guangdong, who began his business life 30 years ago—with hardly any money and little formal education—making combs and plastic soap boxes.

By taking the Electric stake, Mr Li has shown confidence in the future prosperity of Hong Kong as it emerges from two years of extreme political uncertainty. Many business leaders bave talked grandly of a revival of confidence, bnt few have so far been willing to use their own money to back this up.

Li Kashing's business empire, built around the property group Cheung Kong, is now the largest in Hong Kong. The assets of his publicly quoted companies account for about 18 per cent of the value of Hong Kong's leading stock market indicator, the Hang Seng Index.

The Hong Kong Electric deal gives Li control of e sound and stable utility company which has a monopoly of electricity supplies on Hong Kong Island and boasts steady if unglamorous growth. The bargain price of HK$6.40 a share—about 10 per cent below the market price for Electric shares at the time of the deal—is likely to look even better if Hong Kong's stock markets move ahead over 1985 as predicted.

For Hongkong Land, struggling to service debts of about HK$14.7bn at the end of 1984, the deal has brought much needed relief. Mr Keswick said after agreement had been reached: "The company is no longer under seige." Within days, Land announced it was pressing ahead with the third tower of its showplece Exchange Square development. This HK$750m project had been in jeopardy before debt relief came.

The deal completes a year of change for Hutchison Whampoa, which came under the control of Cheung Kong in 1979 at a time when it was considered to be in poor financial health.

It has a new executive team after the unexplained resignation of three directors last autumn. The new chief executive is Mr Simon Murray, once a member of the French Foreign Legion, and for many years an executive with Jardine Matheson.

Its cash mountain of HK$2.4bn has been spent partly on an extraordinary dividend, and partly on the Electric deal. The group now has net debts of about HK$1.2bn.

In addition, the group committed itself in December to a HK$4bn residential development at Whampoa Garden in Kowloon—a move which gave the long-depressed property market a fillip, and was interpreted locally as a significant statement of faith in the Territory's future.

As the dust has settled around the Electric deal, so Mr Li and Mr Murray have become willing to outline the group's long-term corporate plans. In the property area, Mr Murray suggested this week that the Whampoa Garden development is likely to "keep management tied down."

The "main thrust" of trading activities will be towards mainland China, Mr Murray said. Hutchison Boag, the trading group's engineering subsidiary is likely to be expanded in the near future through acquisition.

Meanwhile, the group's retail operations — focussed on the Park'n Shop supermarket chain —will continue to expand rapidly, with severe competition trimming profits to the bone.

The gronp's container-handling subsidiary, Hongkong International Terminals, will in the months ahead decide whether or not to invest HK$2bn developing a new container terminal at Kwai Chung, now second only to Rntterdam among the world's container ports.

"I have full confidence in all of tha companies I control," said Mr Li this week. He expects Hutchison to generate sufficient profits over the next two years to repay the loan taken out last week to fund the Electric purchase.

Mr Li denies plans for any further significant disposals, flatly contradicting market rumours that he is looking for a buyer for his minority stake in the South China Morning Post newspaper, or in the Sheraton Hotel in Hong Kong, in which Hutchison holds a 39 per cent stake.

He even more emphatically denies suggestions that his long-term aim is to take control of Jardine Matheson or Hongkong Land: "No matter bow lnw the price, I would not consider buying them," he said.

In the short term, he is likely to have his hands full digesting Hong Kong Electric. As well as supplying electricity to Hong Kong Island, the group has significant retail and property interests which are thought to be underperforming.

Mr Li sees the investment in Electric as a "conservative" one: "For a larga group like ours, we need a core of steady income. It can provide us with a stable base," he noted.

He sees it as an indirect investment in a number of sectors in his "home town," and is confident that strong economic growth will generate a significant increase in demand for power. Mr Li also suggested that it will not be long before the group offers consultancy eervices to companies in China wanting to build and manage power stations.

It was clear this week that Mr Li saw his purchase of Electric as a watershed. It was a deal that had to be good for the company and for shareholders, he insisted.

But most nf all the deal was a vote of confidence in the community: "I am not a political man," he said. "In business and finance I know more. But I don't just want to make money if that damages the confidence of people in Hong Kong."

Talks on North West Shelf deal

BY MICHAEL THOMPSON-NOEL IN SYDNEY

TALKS AIMED at changing the sales contract between the Western Australian State Energy Commission (WASEC) and the partners in the massive North West Shelf natural gas project opened in Perth yesterday.

WASEC is contracted to take about 10.9m cubic metres of gas a day from next January 1 on a "take or pay" basis which is threatening to impose onerous burdens on its finances. It is taking lesser amounts at present.

Those involved in the project have vigorously denied that the talks pose any threat to its A$8.5bn (US$6.7bn) second stage, involving the sale of 6m tonnes of LNG a year to a group of Japanese power utilities.

Western Australian government nfficials and representatives of the joint-venture members are taking part in the talks. WASEC is thought to be pressing for substantial reductions in its contractual commitments.

Formal signing of stage two sales contracts is dne at tha end of March.

At the same time, Woodside Petroleum, the project's key partner and operator, is seeking a loan package of between U.S.$1.8bn and U.S.$2bn, which would inclnde a roll-over nf its existing U.S.$1.4bn project financing package.

Its partners—who have varying stakes in the domestic and export phases—are Chevron, BP, Shell, Broken Hill Proprietary, Mitsubishi Corporation, and Mitsui and Company.

Stage two of the project is expected to create a new Australian export industry with sales rivalling those of wheat or wool. Stage one was formally inaugurated last September, marking a milestone in Australia's development as an energy producer.

Five-year spending plan for Larsen and Toubro

BY R. C. MURTHY IN BOMBAY

LARSEN & TOUBRO, a top hi-tech angineering company, plans to invest Rs 5bn ($395m) over the next five years to lift its turnover to Rs 10bn by 1990. Sales in the year to September 1981 rosa 14 per cent to Rs 3.48bn.

Pre-tax profits increased by 27 per cent to Rs 467.6m from Rs 368.1m in 1983-84 when the profit margins of the company's competitors were squeezed.

Mr N. M. Desai, chairman, says working prospects over the next five years aro good. Tha company, which makes chemical and nuclear power plants, as well as electrical instrumentation, plans to diversify into offshore oil drilling.

It will also set up a modern beavy engineering works at Hazira on the west coast of the state of Gujrat to make nuclear power equipment and heavy water manufacturing equipment.

Privatisation for Gulf Air to go ahead by 1986

BY MARY FRINGS IN BAHRAIN

THE PRIVATISATION of Gulf Air, the international airline jointly owned by Bahrain, Qatar, the UAE and Oman, is expecetd to go ahead by 1986.

Mr Yousuf Shirawi, Gulf Air's executive chairman (who is also Minister of Development and Industry in Bahrain) said the sale of up to 49 par cent of each state's quarter share to its own citizens had been approved in principle at tha recent board meeting in Abu Dhabi.

"We did not think of selling while the airline was losing money," he said. But now that Gulf Air has a six-year profit record Mr Shirawi is boping to achieve a consensus for the move among the four governments.

Bahrain is unlikely to "go it alone" as it did with AMPTC (Arab Maritime Petrolaum Transport Company) in the 1970s. Having invited the private sector to participate, the Bahrain government then bought back their shares when the shipping company made heavy losses.

In contrast, Gulf Air has made a cumulative profit of BD 43.8m (U.S.$116m) up to the end of 1983, and expects to report a further profit for last year—although it will be down on the record $51.8m achieved in 1983.

The airline carried 2.9m passengers in 1984 against 2.6m the previous year, and preliminary estimates show a two point improvement in the passenger load factor, to 55.6 per cent. Yields, however, were lower as a result of currency devaluations (principally of the British pound and tha Indian rupee) and of fare discounting, for which Mr Shirawi blamed international airlines which were poaching in Gulf Air's market and siphoning off traffic.

Gulf Air was set up in 1973, when the present owners bought out BOAC's major stake in the small regional airline Gulf Aviation — a private venture started in 1950 by the legendary Freddy Boswell.

INTL. COMPANIES & FINANCE

Chris Sherwell on market prospects for the year of the Ox

Analysts pessimistic that Singapore share rally can be sustained

MARKET ANALYSTS, brokers and investors have been scretching their heads in recent daya *trying* to decide whether last week's sharp rise in the Singapore stock market really berulded the start of a long-awaited bull run.

The question is important. Over the past few months the linked Singapore and Malaysian stock exchanges, which, with Hong Kong are Asia's most important markets after Tokyo, have performed worse than practically every other market in the world; no one wants to miss the turn when it comes.

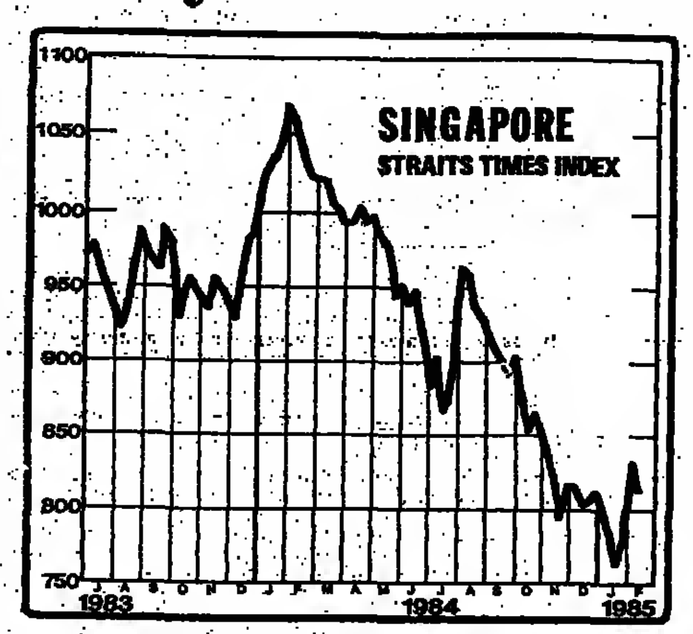
Last week, it seemed for a moment to bave arrived. In six successive trading sessions up to last Thursday, the widely-watched Straits Times Industrial index picked up 68 points to hit 833.51, having languished for several weeks below tha psychological 800 barrier.

Daily trading volumes also shot up, averaging more than 15m ahares across the six sessions and hitting 21.9m on the Wednesday. These were more than double some of the volumes of recent weeks, so the rise *seemed significant*. "The bull has come to town," trumpeted Singapore's Business Times in an editorial.

Yet last Friday and so far this week, the index has weakened again and trading volumes bave turned lower. "Frankly we're baffled hy wbat is happening," said an analyst at a merchant bank as the reversal occurred. "It's the ultimate sin—and terrifying—not to be invested in a rising market. We thought this market would either go on up or slide right back—but not this wet drifting."

Re-entry by foreign institutions

One broker, analysing the divergence between the Singapore Stock Exchange's own all-industrial index and its long-term (200-day) moving average, concluded that a 20-month downtrend had finally reversed "with bullish implications for first-half 1985 share prices." But he warned that some reaction of the type being seen this week was inevitable because the industrial sector was over-bought in the very sbort term.



Most analysts are inclined to the pessimistic view. "Corporate profits were down in 1982 and 1983 and may be fractionally up in 1984," says a merchant bank chief. "Nobody knows wbere they will go in 1985. Bnt ask around: companies which thought they hit bottom in the third qnarter of last year now say they're lower still."

There were explanations aplenty for last week's surprising rebound. The most significant was the long-sought re-entry of foreign institutions, partly because of corrections in Hong Kong, Tokyo, end London and partly because Singapore looked relatively attractive after the sustained deeline since a brief Wall Street-led rally last August.

But that theory already seemed thinner by Monday when the rise began to look like it lacked momentum. "It was fast-buck money whicb came in," said one analyst. Commented a fund manager: "It didn't move into anything other than blue chips. A real rally must be more broad-based."

Two other explanations were on offer: the traditional Chinese New Year rally, which is fuelled by psychological and sentimental factors as mnch as by wage bonuses, and hints of a helpful Singapore budget to come on March 8 from a recently-reshuffled cabinet which promoted some younger leaders.

No one seems to question the validity of the New Year arguments, though all doubt whether any rally will be sustainable once the Year of the Ox arrives on February 20. In Malaysia, et least, the idea has been buttressed by the authorities' encouragement to commercial banks to lend for share purchases.

Hints ebout the budget have been helped by signs that the strong Singapore dollar might be allowed to weaken against the surging U.S. dollar. On Tuesday the currency closed at S$2.24 to the U.S. dollar, down from S$2.20 a week earlier. By Singapore standards this is a slide compared to the S$2.15-S$2.18 level the currency beld throughout the second half of 1984, and the fall will help certain sectors of the economy. But currently, judgment is reserved.

The last major peak on the Singapore stock market was a year ago, when the Straits Times industrial index broke through the psychological 1,000 barrier to hit 1,071.91 on February 8. This coincided with robust growth in the Singapore and Malaysian economies as the U.S. recovery gathered momentum.

Bnt the mood was soon overtaken by a realisation that quoted companies in the corporate sector would be feeling the pinch in 1984 and 1985. While plantation companies looked best off despite uncertain commodity prices, manufaeturers not in electronics were still experiencing sluggish markets and Singapore's domestic banks had been forced by the authorities to make *large provisions.*

On top of this, property-related companies faced a glut of space while hotels and retailers had problems both beceuse of an oversupply of space and a slowdown in tourist arrivals. Specific faetors also intervened: merchant bankers Jardine Fleming were expelled from Singapore, the Bank Bumiputra seandal over loan losses in Hong Kong refused to lie down and there were political uncertainties in Malaysia too.

Tba overall effect was to raisa serious questions about how Singeporean and Malaysian compenies were going to generate future profits. *Although the market picked up* in August along with others in the world — a record 39.6m shares were traded on August 6 — the rally did not last, and the gloom which set in then persisted until the end of January.

With prospective price-earnings ratios still around 18-20, *the market lacks the genuine* opportunities or velue offered by places like Tokyo or, especially, Hong Kong, wbere the political settlement between London end Peking over the colony's future bas clearly provided a big boost.

Lacks the genuine opportunities

Despite last week's rises, this remains the case, according to most analysts — the fundamentals, quite simply, bave not yet changed. Says a bank researcher: "I don't think the rise is sustainable." A hroking analyst adds: "There's no panie to get in. The best we can say is that we may be over the worst."

UK COMPANY NEWS

Archibald transfer brings double reward for Spurs

BY ALEXANDER NICOLL

Tottenham Hotspur, the only football club to have joined that other League, the Stock Exchange, yesterday reported little change in operating profits at half time but a large surplus from transfers of players.

Sales of Steve Archibald, Alan Brazil and Gary O'Reilly for a total £1.73m, partly offset by purchases of Clive Allen and John Chiedozie for £1.1m, produced a surplus of £626,000 at November 30 compared with a deficit of £482,000 at the same stage last year.

This was largely responsible for pre-tax profit of £821,000 (loss £459,000). Profit before transfer fees rose from £33,000 to £195,000, largely because no net interest was payable this year compared with £150,000 a year before.

Operating profit was £195,000 (£183,000), with this year's figure including £99,000 of currency exchange gains, mainly from the dollar-denominated sale of Steve Archibald to Barcelona. Turnover rose from £1.85m to £2.31m.

Tax took £300,000 this year against nil last year, and earnings per share were 5.7p (loss 7.2p). The company is paying a 1.5p interim dividend.

Mr Paul Bobroff, chairman, said first half figures are not representative of the full year, since heavy expenditures are incurred during the summer and are only partly compensated by the end of November. In the year ended May 31 1984 pre-tax profit before transfer fees was £902,000 (£168,000) and after transfer fees £410,000 (loss £449,000).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Astra Industrial ......int	nil	—	0.13	—	0.13
Cater Allen Gilt...4th int	35¶	March 29	32	131	128
Christie-Tyler ....int	1	April 9	nil	—	1.5
English, N. York Trust	1.5	April 11	1.3	2.5	2.3
Fleming American Inv...	3.25	—	2.25	5.25	4.25
Martin Ford	0.05	April 18	0.7	0.05	1.05
Scottish Mercantile ...int	3.5	March 1	2	—	7.7
Stocklake Holdings ...int	3	April 4	3	—	12
Tottenham Hotspur...int	1.5	April 19	nil	—	2.3
Webber Electro‡	1	April 1	0.88*	2	1.75*

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by *rights and/or* acquisition issues. ‡USM stock. §Unquoted stock. ¶Gross throughout.

Attendances in the early part of this season, Mr Bobroff said, were slightly higher than at matches against the same teams last season, averaging 29,000 against 28,500. Entry prices to White Hart Lane have been increased by 11 to 12 per cent.

The surplus in the transfer fee account enables *further investment in players without drawing* on retained earnings, but Mr Bobroff would not be drawn on Spur's acquisition plans.

● comment

Mr Bobroff's plans to expand the company through property development and an indoor sports complex, as well as extending its travel and merchandising operations are the key to Tottenham Hotspur's future. But the interim figures confirm that, for the time being, it still depends on the team's performance. Given that assumption, this year looks similar to last. Spurs is doing better in the League, but as last season, it was knocked out of the Milk Cup before Christmas and the FA Cup in the fourth round. The team is through to the quarter-finals of the UEFA Cup, which *it won last year. First* half figures cover the close season and are thus not a reliable indicator, but they show the importance of transfer fees: not only are they a significant contributor to pre-tax profits this time, but about half the operating profit (before transfer fees), which is virtually unchanged from a year ago, is accounted for by currency gains, mostly from the sale of Steve Archibald. The shares, up 1p yesterday at 75p, are probably held back by lack of marketability, with about 10,300 devout fans holding them.

Christie-Tyler prospects hit by sterling and interest fears

TAXABLE PROFITS at Christie-Tyler rose from £18,000 to £122,000 at the half-way stage, but recent exchange and interest rate movements could affect prospects for the full year, the directors warn.

The group is a manufacturer and upholsterer of furniture. The pound's recent sharp deterioration will have a serious adverse effect on the cost of imported textiles and timber, and higher interest rates will affect consumer confidence and expenditure.

Mr George Williams, the chairman, says that provided the increases in interest rates are short term, he anticipates some improvement in the full year result, but adds "in the present economic climate it is particularly difficult to make a forecast."

The group is to pay an interim dividend for the first time in four years, with a 1p net payment for the period to October 31 1984. Earnings at the interim stage are quoted at 1.3p (0.2p) per share.

Turnover advanced by nearly 13 per cent to £39.9m (£35.45m) in the half year and generated trading profits £38,000 ahead at £343,000. The first six months of the trading year is always the more difficult, and this time included reorganisations now largely completed, says the chairman. However, the increased sales reflected an improved market share.

In the 53 weeks to end April 1984 this South Wales-based concern boosted profits from £362,000 to 1.37m on turnover of £83.05m (73m), and returned to the dividend list after a two-year absence with a 1.5p payment.

● comment

Fate is not dealing kindly with Christie-Tyler. Having successfully extricated itself from the problems of the early 1980s through expensive closures and rationalisation, it is now having to cope with the uncontrollable effects of lower sterling parities and higher interest rates. The former has increased the cost of imported materials while the latter is taking the double toll of raising the interest charge and further dulling discretionary spending on furniture. In round numbers, the 7 per cent fall in sterling against European currencies in recent months is adding about £1m to costs on an annual basis while the 4 per cent interest rate hike, if maintained, will cost an additional £80,000 in charges over the year. An up-to-date indicator of furniture spending is the January sales, which were not as buoyant as previous years. All this adds nothing to what is already a springless sector, although a measure of some confidence by the company is the return of the interim dividend. At 49p, the market capitalisation is £4.7m.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Abingworth, Flextech, Mid Wynd International Investment Trust, William Ransom, Trade Promotions.

Finals: Aaronson Brothers, Goode Durrant and Murray, Independent Newspapers, Leisuretime International.

FUTURE DATES

Interims:

Coronation Syndicate	Mar 14
Oslo Electric International	Feb 14
Douglas (Robert M.)	Feb 22
Eleco	Feb 27
Press Tools	Feb 11
TR City of London Trust	†Feb 12
Twentieth United Collieries	Mar 14

Finals:

Anglo-American Securities	Feb 14
Barclays	Mar 7
Jones (Ernest) (Jewellers)	Feb 19
Tribune Investment Trust	Feb 14

†Amended.

Martin Ford returns to profit in second half

Measures taken by Martin Ford at the interim stage have worked through, and led to a return to profit of £151,000 in the second half.

This means that this retailer of ladies' wear has cut its loss to £49,000 before tax for the full year ended December 1 1984. This compares with a profit of £323,000 in the previous 53 weeks, of which £199,000 was earned in the second half.

The interim dividend was omitted, but the directors are paying a nominal final of 0.05p net, against a total of 1.05p, including a final of 0.7p, for 1982-83.

Turnover for the year came to £7.28m, against £7.48m. It was the second quarter when the company suffered most; trading was erratic and it tried to break into a new sector of the retail fashion market. But sales increase did not come up to expectations and a substantial range of merchandise had to be marked down for clearance.

Merchandising policy was then focussed on the sectors that have traditionally shown good results.

The operating loss was £64,000 (profit £272,000). A tax credit of £24,000 (charge £72,000) reduces the deficit to £25,000 (profit £251,000), or 0.16p (1.61p) per share.

Webber Electro earnings and payment rise

SECOND HALF profits of Webber Electro Components rose from £194,000 to £253,000, and this pushes up the total for the year ended September 30 1984 by £130,000 to £474,000. The dividend is lifted from the equivalent of 1.75p to 2p net, the final being 1p.

Turnover of this USM company rose from £1.4m to £1.92m, with exports accounting for 24 per cent (25). The company looks for further progress in the current year, particularly as new production facilities come on stream.

Initial sales of electronics in association with valves were sufficient to show break-even on this new activity, the directors state. Most developments in this area are on medium term projects which have considerable potential.

In the first quarter of the current year production has been limited because of a delay in finding new premises. However, last month the company signed a five year lease on a small unit factory close to the present operation.

After tax £169,000 (£64,000) the net profit for the year comes out at £305,000 (£280,000) for earnings of 6.62p (6.48p) per share.

Duncan Campbell-Smith on out-of-focus Thorn EMI

Future shows a clearer picture

Thorn EMI is again the subject of takeover rumours. Last October, it was gossip about a possible bid from the U.S. which helped send Thorn's shares up 14 per cent in ten sessions.

This time round, the market has been excited by talk of a consortium of buyers intent on building a substantial minority stake: the shares closed yesterday at 460p, up from 420p at the end of last week.

Mr Peter Laister is now nearing the end of his first year as chairman of Thorn. Neither the present jumpiness in the shares nor their setback after some disappointing interim results last month are quite what Mr Laister had in mind for the group when he succeeded Sir Richard Cave at its head last March.

Rather the opposite. Within six weeks, he had launched a £650m bid for British Aerospace. When that failed, he followed up two months later by paying £95m for control of Inmos—a sudden and audacious commitment to the world semi-conductor industry. Mr Laister was—and is—clearly a man with big ideas.

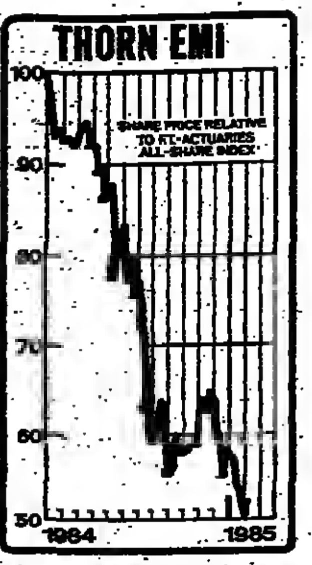
The City's view of most of them is still painfully apparent from the 1984-85 chart of Thorn's relative share price, plotted against the FT All Share index. The performance has been burdened, too, by the weight of a one-for-five rights issue which raised £136m from Thorn's shareholders last July.

Mr Laister and his colleagues could be forgiven for seeing every flurry in the shares as a signal that, at last, the market might be turning to a more generous view of Thorn's potential. On a multiple of around 10 times prospective 1984-85 earnings, after all, the shares in the biggest UK consumer electronics business are trailing the average market rating, let alone the premium enjoyed by the rest of the electricals sector.

But the alternative explanation confronts the Thorn board with some awkward questions. If bid speculation is still the only real source of enthusiasm for a group capitalised at around £1bn, what can be made of Mr Laister's first year? Has he just failed to explain in time what is happening to Thorn under his command? Or has the market also decided there is something fundamentally wrong?

Thorn has certainly excited fresh worries about its own predicament by telling the City that a startling switch from big screens to small screens in European TV retailing has in effect dished the 1984-85 profitability of its Ferguson TV manufacturing subsidiary.

Some analysts, though, continue to focus on Thorn's extensive TV and VCR rentals operation as the basis for a potentially exciting development of the group into this country's foremost home entertainment and information technology stock.



In this view, last year's merger plan with BAe and all the upsets that followed were an unfortunate distraction. "There is a good company somewhere in there, trying to get out," say Mr Max Dolding and Mr Richard Taverner, analysts at brokers James Capel.

The contrary view is advanced anonymously but nonetheless widely for that. Thorn's 1979 merger with EMI, say the group's harsher critics, is far from being the triumph often claimed. Combined, the two produced earnings per share of 58p in 1980 and only around 35p for each of the next three years. Earnings recovered to 48p in 1983-84 but look certain to fall short of that in the present year to March.

More specifically, the critics charge that Thorn has correctly identified a key weakness—its dependence on the UK consumer spending cycle up to now—but has opted for the wrong antidotes. Buying Inmos, the microchip manufacturer, has in this view exacerbated Thorn's vulnerability to cyclicality.

Mr Laister is an easily likeable man who looks older than his age—he turned 56 last month—and no wonder. The short-lived bid to merge Thorn with BAe was his personal idea, though it was endorsed by the whole executive board of Thorn at an early stage of the six-month study period which preceded it.

Most analysts have castigated it as just plain daft. Mr Laister visited a good many institutional shareholders last summer to explain the thinking behind the bid. Many found him unpersuasive. Mr Laister is well aware of all this hostility but is still smiling bravely: "I'll live with it," he says, patiently expounding his views in a light Black Country accent that makes him sound remarkably like Lord Murray.

Mr Peter Laister . . . may find himself running against the clock

He has some solid points to make. Time, he argues, has shown that Thorn beat the City to an early appreciation of BAe's qualities. He makes no apologies for it and thinks that attacks on him in 1979 for the takeover of EMI were if anything better grounded.

This conviction about the BAe strategy is firmly shared by his boardroom colleagues and they clearly belive the whole episode reflects little credit on some ingrained City attitudes. "I honestly think that if BAe had been included in the FT shares list under electricals, there wouldn't have been half the bother there was," says Mr Harold Mourgue, Thorn's vice-chairman.

Another important clue to Mr Laister's resilient self-confidence is a pride in what he thinks has already been achieved at Thorn since his arrival in 1979. He says Thorn used to be "a rather patriarchal company," not surprisingly given its history as the personal creation of the late Sir Jules Thorn. Now it is run "on what I would call modern management systems."

As for strategy, the future is certainly clearer than for many years past. Thorn probably has further disposals to make; but has already dropped out of hotels, sports and medical equipment and restaurants.

In lighting and domestic appliances, the group commands a big share of all its UK markets. In home entertainment, it not only has an unparalleled home base — with just under 30 per cent of a UK rental market worth £1.6bn in annual revenues and declining only very slowly, if at all — but also now has a flourishing international business.

New directions at Thorn required new managers to see them through: a few years ago the board consisted almost exclusively of directors fast heading for retirement. "It takes a hell of a long time to get a team together and settle it in to start looking properly at the future," says Mr Laister, but that task has now been achieved.

A group of much younger men has been appointed to the board in charge of finance, lighting, information technology and rental operations.

Dr Jim Maxmin, the engaging American responsible for rentals, is now head also of the Ferguson TV manufacturing subsidiary. He is widely seen inside the industry as one of Thorn's more valuable assets.

So should it be concluded that the City has exaggerated Thorn's basic difficulties over the consumer spending cycle, while demanding its pound of flesh as the penalty for a dismal public relations exercise by Thorn last year?

Not quite. Questions such as the real rate of decline in the UK consumer's preference for renting rather than buying TVs and VCRs, or the real extent of Inmos's future cash needs will *only be resolved as events* unfold. At least a measure of fresh uncertainty is surely justified over Thorn's future. But it is management's misfortune that it has magnified this uncertainty tenfold by its neglect of the City.

Mr Laister broadly agrees with this verdict. Cut off from the City, Thorn certainly underestimated the time needed to explain its diversification ideas and the durability of the hostile response. Belatedly, Mr Laister presented his whole executive board to the broking community last month and his immediate goal is obvious.

"Look at BTR's bid for Dunlop," he says. "There was a surprise for the City, if you like. But BTR has conditioned the market to expect that kind of bold move from it. And they have proved to the City that they have the management resources to handle it."

That kind of proof, though, takes time to assemble. If a predator really is lurking in the wings, Mr Laister could find himself running hard against the clock.

COMPANY NEWS IN BRIEF

Yearling bonds totalling £5.25m at 12¼ per cent, redeemable on February 12 1986, have been issued by the following local authorities. Roxburgh District Council £0.25m; Inverness DC £0.25m; Midlothian DC £0.25m; Ynys Mon Isle of Anglesey Borough Council £0.25m; Scunthorpe (Borough of) £0.5m; West Wiltshire DC £0.5m; Derwentside DC £0.5m; Northavon DC £0.25m; Wirral (Metropolitan Borough of) £0.5m; Cardiff (City of) £1m; Forest Heath DC £0.5m; Greater Manchester Passenger Transport Executive £0.5m.

* * *

Carlton Communications, the the video technology and communications group, is to make a one-for-three scrip issue in order to bring the issued share capital of the company more in line with the capital actually employed.

Up to 6.87m new ordinary shares will be allotted to shareholders on the register on March 1 1985. The new shares will not rank for the final dividend of 4.05p net per share announced in respect of the year ended September 30 1984, for which the group reported a 58 per cent increase in taxable profits to £5.54m.

* * *

Higher pre-tax profits of £180,000 against £136,000 have been produced by **Fashion & General Investment** for the six months to the end of September 1984. The interim dividend has been lifted from 5p to 6p. In the last full year a total of 9.4p was paid.

First-half earnings per share were shown as 8p (5.3p).

Exceptional non-recurring administration expenses of £65,534 were incurred this time, connected with the disposal of a holding in Canal-Randolph Corporation.

* * *

Another year of significant growth has been achieved at **Bank Leumi (UK)**, say the directors, on reporting net profits for 1984, after tax and transfer to inner reserves, ahead from £714,000 to £820,000.

Increased lending and trade financing, as well as a growing volume of business, contributed to the improved results they say. The net final dividend is held at 7p which maintains the previous total of 10.15p.

* * *

The rights issue by **C. and W. Walker Holdings** at 17p per share have been taken up to the extent of 3.46m shares (86.2 per cent). New shares not taken up have been sold in the market at 19½p fully-paid. Net proceeds will be remitted to the persons to whom such shares were provisionally allotted.

* * *

Because of an adjustment to inter-company accounts at **Neva (Jersey) Knit** identified since the announcement of results for the half year to September 30 1984, trading profit is now stated at £68,000 against £52,000 and the pre-tax loss is increased to £255,000, compared with a profit of £52,000 for the comparable period. Other figures are as previously announced.

* * *

The succes of offshoot Howard Developments largely contributed to **Howard Shutterings'** interim pre-tax profit increase from £562,000 to £635,000.

The development company contributed more than half the group's £4.16m (£3.9m) turnover for the six months to October 31 1984 and the majority of group profits.

The group's main activities are in property development, plant hire, formwork and shuttering contracting, erecting concrete structures and specialised joinery work.

The interim dividend is increased to 0.7p (0.67p adjusted). Last year's final was equal to 0.5p when pre-tax profits reached £995,000 and the results were the best in the group's history.

Earnings per share improved from an adjusted 2.4p to 2.8p.

* * *

After beating its profit forecast, **Rowland Gaunt**, a women's clothing group, now has the capital and management resources to continue and extend trading momentum and to plan the strategic growth of its manufacturing interests.

This should enable the board to consider resuming dividends.

Pre-tax profits for the period ended October 31 1984 have improved to £223,000 compared with at least £200,000 forecast and with £42,000 previously, on increased sales of £6.54m (£5m).

Earnings per share were 11.38p (2.66p on former capital). Tax was £16,000 (nil) with a minorities debt of £7,000 (nil).

* * *

Fleming American Investment Trust raised net asset value from 494.1p to 625.8p per 25p share in 1984.

Earnings per share for the year to December 31 increased from 5.59p to 6.19p and the dividend total is 1p higher at 5.25p net, with a final of 3.25p (2.25p).

Gross income rose from £2.78m to £3.64m. Interest charges were almost trebled at £1.52m (£0.54m), while tax was lower at £0.83m (£1.03m) giving an available balance of £1.06m, against £0.96m.

* * *

Net asset per 25p share of **Scottish & Mercantile Investment** totalled 448.6p at January 25 1985. This compares with 414.8p at September 30 1984 and with 390.7p at end-September 1983. Net revenue for the six months to September 30 last amounted to £211,000 (£152,000). The net interim dividend is 3.5p (2p). Earnings were 3.65p (2.6p) per share.

LADBROKE INDEX
Based on FT Index
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Public Works Loan Board rates

Effective February 5

Years	Quota loans repaid by EIP†	Quota loans repaid A‡	Quota loans repaid at maturity§	Non-quota loans A* repaid by EIP†	Non-quota loans A* repaid A‡	Non-quota loans A* repaid at maturity§
1	—	—	12¼	—	—	13
Over 1, up to 2.......	12¾	12¾	12¼	13¼	13¼	12¾
Over 2, up to 3.......	12½	12½	12¼	13½	13½	12¾
Over 3, up to 4.......	12½	12½	12½	13¼	13¼	12¾
Over 4, up to 5.......	12½	12½	12¼	13½	13½	12½
Over 5, up to 6.......	12¼	12½	12¼	12¾	12¾	12½
Over 6, up to 7.......	12¼	12½	12¼	12¾	12¾	12¾
Over 7, up to 8.......	12¼	12¼	12¼	12¾	12¾	12½
Over 8, up to 9.......	12¼	12¼	12⅛	12¾	12¾	12½
Over 9, up to 10	12¼	12¼	12	12¾	12¾	12¼
Over 10, up to 15...	12¼	12	11¾	12¾	12¼	12¼
Over 15, up to 25...	11¾	11½	11½	12¼	11¾	11½
Over 25	11¾	11½	11½	11¾	11¾	11½

* Non-quota loans B are 1 per cent higher in each case than non-quota loans A. † Equal instalments of principal. ‡ Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). § With half-yearly payments of interest only.

UK COMPANY NEWS

Hillsdown offer heavily in demand

THE OFFER for sale by tender of 47m shares in Hillsdown Holdings, a food manufacturer, has been heavily oversubscribed.

The receiving bank, Lloyds, yesterday began sorting applications. There are thought to be et least 100,000.

Details of the shares allotment, and the striking price abova the minimum tender price of 100p a share, are expected to be announced later today, by merchant bank Kleinwort, Benson.

Hillsdown has a market capitalisation of £189.2m at minimum tender price and prospective p/a of 13.5 times.

The group has acquired a number of companies in tha last few years—often loss-makers—which it bas managed to make profitable, including Lockwoods, a canned foods company and FMC, a meat and bacon curer.

Other companies within the group include Buxted, a poultry producer and Daylay, the largest UK egg producer.

Stocklake holds profits after 'uncertain' first half

WITH UNCERTAIN trading conditions prevailing for the first six months of the current financial year, directors at Stocklake Holdings report some increase in pre-tax profits from £1.47m to £1.58m for the opening half year to the and of September 1984.

Results so far for the second half remain profitable, they say, with no definite signs of a general improvement in trading conditions.

Tha interim dividend has been beld at 3p—a final of 9p was paid in the last full year. First half earnings per share are shown as 16.9p (16.5p).

Turnover was down from £12.02m to £11.83m—principal activities of the group are export trading and financing, steel stockholding and exporting, importing and distributing timber, footwear, and agricultural equipment.

Tax took £845,000 (£773,000).

In their last annual statement the directors reported profits of £3.51m, down from £4.25m, and said that in view of lower levels of evailabla business, and the reduced value of sterling overseas, they considered the results to be "satisfactory."

They pointed out thet increases in export credit, guarantee cover had reduced already small margins on export trading and financing and they thought that this side of business would only be continued on a "much reduced scale."

They also said then that since the beginnig of the current year the group *had continued* to trade profitably, despite uncertain trading conditions.

At the last year end Scottish and Mercantile Investment held 39.3 per cent of ordinary shares, including 27.2 per cent bald by Scottish Cities Investment Trust. Investmeot trusts managed by Rea Brothers bold about half the shares.

● comment

Stocklate Holdings gives so little away ebout its activities that its shares are rarely disturbed in their quiet backwater of the stock market. Yesterday they were unchanged et 143p, with every sign that pre-tax profits this year would be about the same as last year's £3.5m and the total dividend would again be 12p net. The City is understandably cautious about a company which derives more than half its profits from trading in Central Africa, especially as Stocklate reveals so little about its activities. But shareholders can be comforted by the fact that the dividends are probably covered by profits earned in the UK and Canada: so the 12 per cent yield seems quite safe.

Seltrust to go into voluntary liquidation

FOLLOWING THE recent meeting of Seltrust Holdings which rejected the restructuring proposals put forward for this loss-making 75.4 per cent-owned Australian subsidiary of British Petrolaum, the company is to be put into voluntary liquidation. This is in line with the warnina given earlier by BP.

Resolutions for the liquidation are to be put to the Seltrust meeting in Perth on February 28. The company states that it *is considared this course will* ensure tha maximum return to shareholders, "although it is unlikely to match that offered under the previously rejected scheme of arrangamant."

Tha scheme, which implied a valua of A$86.2m (£60.6m) for tha Agnew nickel mine compared with an independent valuation of A$21.8m, included an offer of 54 cents (about 38p) per Seltrust share made to the minority shareholders.

Tha Seltrust directors add that they have been advised that voluntary liquidation is likely to provide a greater return to shareholders than a compulsory liquidation of the company's principal operating subsidiary which would result if BP called its loans to Seltrust.

BP has thns deferred this action in order to allow the voluntary liquidation alternative and has undertaken to continua financial support should the resolutions be carried. It is hoped that Seltrust will be sold in its entirety as a going concern. Dealings in the shares remained suspended.

MINING NEWS

Weak U.S. prices leave Asarco with $306m loss

BY KENNETH MARSTON, MINING EDITOR

AN AWESOME 1984 fourth-quarter loss of $236m (£212m), or $9.32 per share, has been sustained by Asarco, the major U.S. prodncer of non-ferrous metals. It compares with a net profit of $11.7m in the same quarter of 1983 and makes a total net loss for 1984 of $306m, or $12.56 per share, against aarnings of $58m in the previous year.

In line with the warning given by tha company last month, the latest *quarterly loss* has been swollen by the need to make write-offs of $216m. They reflect the suspension, or permanent closure, of some of the plants and mines; asset value write-downs; and a second quarter charge of $38m for the planned closure next month of the Tacoma, Washington, copper smelter.

Asarco has been hard hit by weakness in the U.S. prices of its major products, silver, copper and—in the second half of last *year—lead and zinc. Low* prices have alsn affected the associated companies in Australia, Mexiro and Peru which are also larga producers of non-ferrous metals.

During the fourth quarter of 1984 producer prices of silver averaged $7.17 per oz against $9.27 e year previously; copper 63.7 cents per lb (68.2 cents); and lead 23.2 cents (47.5 cents). For the full year silver averaged $8.14 against $11.44 and copper 66.9 cents against 76.5 cents. Sales last year were $1.3bn *against* $1.5bn in 1983.

Cash aid for Mount Lyell mine

THE Mount Lyell coppar mine in Tasmania, which had been expected to close at the end of this year, is to stay in production until 1989 with the help of A$10m (£7m) of financial assistance from the state government.

The operating company, Renison Goldfields Consolidated, warned last October that the mine would have to close either by December this year or at the latest in 1988 after losses *totalling* A$14.88m in the three years to last June. Renisoo is 49 par cent-owned by London-based Consolidated Gold Fields.

The financial aid comes in the *form* of a grant of A$5m from tha state government and a further A$5m from the Tasmanian Hydro Electric Commission for the purchase of the Lake Margaret Power scheme, a private power system used by the mine.

Announcing the offers earlier this month, Mr Robin Gray, Tasmania's Premier, said he was disappointed that the federal government had not been able to play its part by matching tha A$5m contribution from the state.

The grant from the state reflects its concern at the employment implications of the closure of a major mine on the island's sparsely-populated west *coast.* Mount Lyell is Australia's second-largest copper mine behind Mount Ise in Queensland, and produced 23,471 tonnes of copper contained in concentrates in the 12 months to June 30 1984.

Mr Max Roberts, chairman of Renison, said yesterday that the mine had also been assisted by reductions in charges from companies involved in the transport and processing of Mount Lyell's concentrates and by the co-operative ettitude of the workforce and unions.

In return for the aid package, Mount Lyell is to pay eddltional royalties to the Tasmanian anthorities equal to half of any positive operating cash flow from *the mine, up to a maximum of* A$5m.

The mine will be released from its commitment to remain open if there is any substantial deterioration in the price of copper or of its gold and silver by-products.

Overheads put Astra in red

Astra Industrial Group incurred a pre-tax loss of £63,000 in the six months to October 31 1984, against a previous profit of £68,000. The deficit arose mainly because of overhead costs of £789,000 as a result of continued restructuring of the group. Interest payable also rose, from £169,000 to £203,000.

Before overheads and interest, the group showed gross profits of £929,000 from turnover of £1.9m. No comparable figures are provided for turnover, gross profit, nr overheads. Astra trades in engineering, property and snooker clnbs, and underwent a wbolesale restructuring of its affairs last August.

The directors state that the group will benefit in the second half from the considerable rednction in borrowings as e result of the rights issue proceeds of £1.23m received last September.

There is no interim dividend. In 1983-84 the group made a single interim payment of 0.125p and omitted the final. Loss per share for the six months is stated at 0.11p (earnings 0.15p).

The directors also announce that Astra has agreed to acquire Ibis Manufacturing, a Lancaster-based laundry equipment manufacturing company, in a cash and shares deal worth about £576,000.

Growth potential at Guinness

REVIEWING THE year 1983-84 at Arthur Guinness & Sons, Mr Ernest Saunders, the chief executive, says the group has again improvad its performance, while completing the restructuring of its business to create a strong platform for growth.

From being a company perceived as dependent on ona prodnct with a large number of unrelated activities, Guinness now has four defined areas of activity—brewing and marketing, retailing, publishing and health.

All of these have potential for growth and, between them, significantly increase the group's opportunity base, Mr Saunders states.

The group's recent acquisitions in tha retailing and health sectors provide an enterprising move forward for its development plans in these areas, be adds.

Since tha accounts were completed, Richter Brothers, the U.S. food importer and distributor, has been acquired. Commenting on tha American activities, Mr Saunders says the group looks forward with continued confidence and will seek opportunities to expand its product and distribution base in this important market. The U.S. currently contributes 5 per cent of total turnover and profits.

As reported on January 16, Guinness raised taxable profits for the year ended September 30 1984, from £58.8m to £70.4m, although over half of the increase was attributable to a £6.3m reduction in exceptional costs. Turnover advanced to £923.7m (£872.4m).

To support the company's strong corporate development, it intends to change its name to Guinness plc.

Meeting, Guinness Brewery, Park Royal, NW, *February* 28, at 2.45 pm.

Mixed new life at Norwich Union

Norwich Union Insurance, one of the largest mutual life companies in the UK, reported a mixed pattern of new business for 1984.

New annual premiums on its worldwide operations were slightly down at £107m, compared with £108m in the previous year, but single premiums soared from £182m to £268m.

In the UK, new annual premium business declined over 5 per cent from £85.9m to £81.2m—the buoyant pension bsiness failing to offset the drop in life business.

New annual premiums en UK life business fell over 20 per cent from £61.9m to £48.6m. Most of this decline came from a substantial fall in mortgage-related business with preminms down from £51m to £34m.

However, 1983 was a very good year for mortgage-related business, with the changeover to MIRAS—the new method of crediting tax relief on mortgage interest. The 1983 figure contined £13m of premiums arising from once-off conversion. Annual premiums on new mortgage-related contracts fell from £38m in 1983 to £34m last year—reflecting the impact of the ending of Life Assurance Premium Relief.

In contrast pensions business was good in 1984 for Norwich Union. New annual premiums on self-employed pensions donbled from £4.6m to £9m, while single premiums rose over 40 per cent from £19m to £27.2m. On executive pension business, new annual premiums rose from £7.8m to £10.1m and single premiums from £9.9m to £14.5m.

Business in company pension schemes was also good last year with annual premiums up 16 per cent from £11.6m to £13.5m and single premiums up by half from £5m to £7.6m.

Single premium business in the UK jumped by 40 per cent from £165.3m to £232.8m, thanks mainly to annuity payments rising by half from £99.3m to £147.5m.

On its overseas business, new annual premiums rose from £165.3m to £232.8m,

Freeport McMoRan ahead

THE U.S. Freeport-McMoRan natural resource major is continuing to keep its head above water. Fourth quarter earnings of $24.9m (£22.4m) bring the 1984 total to $94.1m, equal to $1.32 per share, compared with $93.5m in 1983. Exceptional items comprised a charge of $4.21m in 1984 and a gain of $3.39m in 1983.

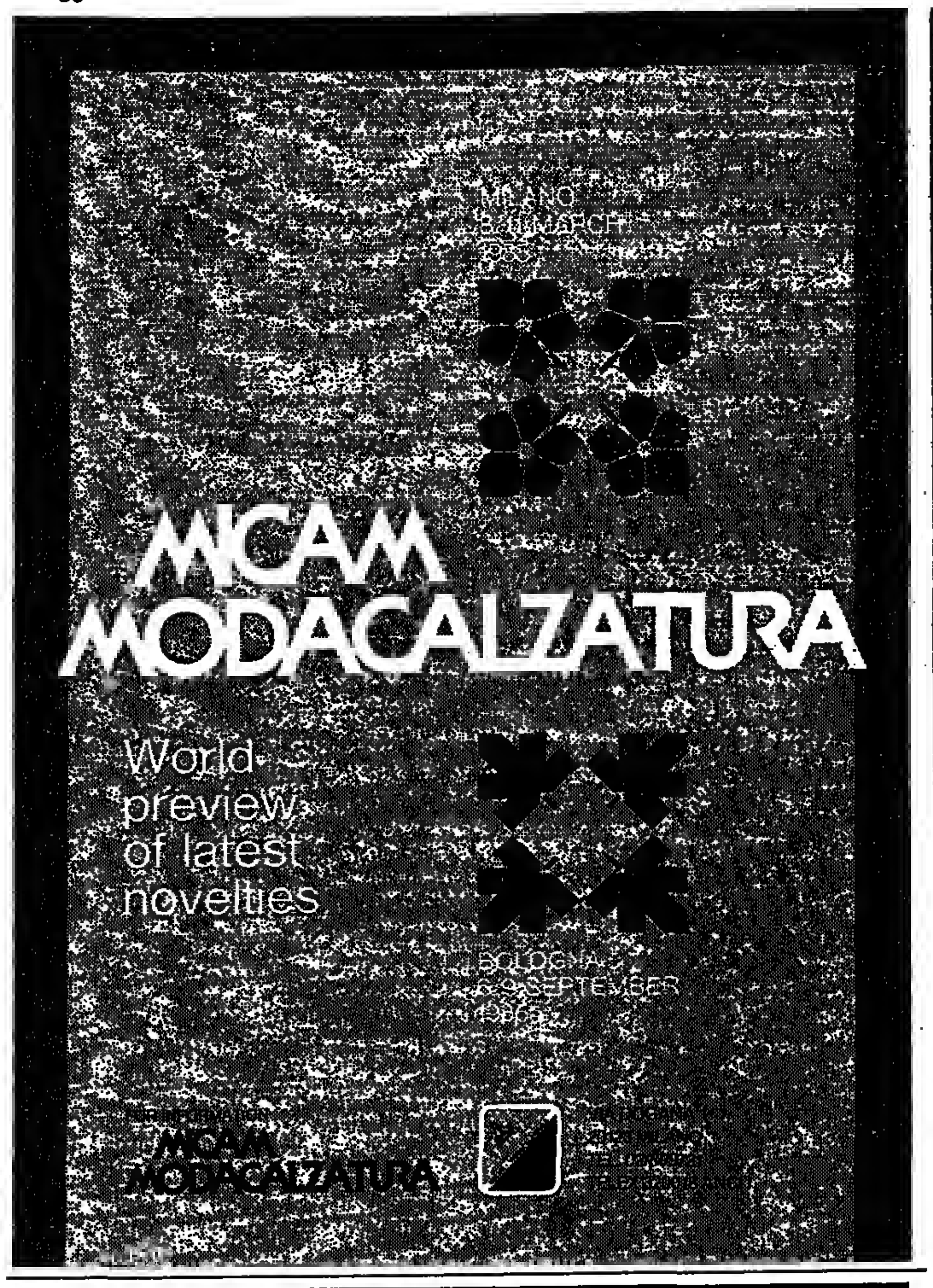
Mr James R. Moffatt, chairman, said: "Overall, 1984 earnings reflect the advantages of being a well balanced natural resources company and the value of our low cost properties. While so many other mining operations showed losses in 1984, we can report positive results to our minerals operations."

He said that 1984 ended with e strong demand for the company's agricultural minerals. Fourth quarter results were 75 per cent up on those of a year ago.

In spite of the decline in U.S. prices, the gold operations continued to be profitable thanks to low break-even costs and market hedging transactinns.

Similarly, the Indonesian copper operations remained profitable while the contribntion to earnings of the oil and gas operations increased "significantly" because of the $294m acquisitioo of Midlands Energy and the joint purchase of Vayager Petroleums in Canada.

Meanwhile, Freeport is "proceeding satisfactorily" with the agreemeot to sell its Freeport Kaolin subsidiary to Engelhard Corporatien for $100m in casb and the deal is expected to be completed in the current quarter.



Over-the-Counter Market

High	Low	Company	Price	Change	Gross div.(p)	Yield %	P/E Actual	P/E Fully taxed
144	123	Ass. Brit. Ind. Ord.	142	—	8.8	4.4	7.9	9.4
151	135	Ass. Brit. Ind. CULS	150	—	10.0	6.6	—	—
77	61	Airsprung Group	53	—	6.4	12.1	5.9	7.0
42	26	Armitage & Rhodes	37	—	2.8	7.6	4.6	7.7
138	108	Bardon Hill	138	—	3.4	2.5	13.9	23.2
58	42	Bray Technologies	48	—	3.5	7.3	5.6	8.0
201	170	CCL Ordinary	170	—	12.0	7.1	—	—
152	110	CCL 11pc Conv. Pref.	110	—	15.7	13.6	—	—
612	100	Carborundum Ord.	612	+2	5.7	0.7	—	—
86	84	Carborundum 7.5pc Pf.	86	—	10.7	12.4	—	—
103	43	Cindico Group	43S	—	—	—	—	—
73	51	Deborah Services	61	—	6.6	10.6	6.1	8.4
281	182	Frank Horsell	281	—	—	—	11.3	14.6
243	170	Frank Horsell Pr.Ord.87	243	+2	9.6	4.0	9.8	12.6
32	26	Frederick Parker	32	+1	4.3	13.4	—	—
52	33	George Blair	52	—	—	—	3.5	7.0
50	27	Ind. Precision Castings	28	—	2.7	9.8	7.7	8.3
216	186	Isis Group	186	—	15.0	8.0	7.4	13.4
124	104	Jackson Group	104	—	4.9	4.7	4.8	8.4
285	213	James Burrough	277	—	13.7	4.9	9.8	8.8
93	93	James Burrough 9pc Pf.	90xd	—	12.8	14.3	—	—
86	71	John Howard and Co.	86	—	5.0	5.8	6.6	12.5
156	100	Linguaphone Ord.	156	—	—	—	—	—
100	93	Linguaphone 10.5pc Pf.	95	—	15.0	15.8	—	—
602	300	Minihouse Holding NV	604	—	3.6	0.6	43.5	47.6
120	31	Robert Jenkins	36	+1	5.0	13.6	—	—
60	28	Scruttons "A"	31	—	5.7	18.4	10.3	3.8
92	61	Torday & Carlisle	79	—	—	—	8.8	18.0
444	370	Trevian Holdings	370	—	4.3	1.2	21.0	20.7
27	17	Unilock Holdings	25	—	1.3	5.2	12.1	17.6
98	81	Walter Alexander	93	—	7.5	8.0	8.2	11.2
247	224	W. S. Yeates	224	—	17.4	7.7	5.4	10.7

S=Suspended.

Prices and details of services now available on Prestel, page 48146

BASE LENDING RATES

A.B.N. Bank	14 %	■ Hill Samuel	§14 %
Allied Irish Bank	14 %	C. Hoare & Co.	†14 %
Henry Ansbacher	14 %	Hong Kong & Shanghai	14 %
Amro Bank	14 %	Johnson Matthey Bkrs.	14 %
Armco Trust Ltd.	14½%	Knowsley & Co. Ltd.	14½%
Associates Cap. Corp.	14 %	Lloyds Bank	14 %
Banco de Bilbao	14 %	Edward Manson & Co.	15 %
Bank Hapoalim	14 %	Meghraj & Sons Ltd.	14 %
BCCI	14 %	Midland Bank	14 %
Bank of Ireland	14 %	■ Morgan Grenfell	14 %
Bank of Cyprus	14 %	Mount Credit Corp. Ltd	14 %
Bank of India	14 %	National Bk. of Kuwait	14 %
Bank of Scotland	14 %	National Girobank	14 %
Banque Belge Ltd.	14 %	National Westminster	14 %
Barclays Bank	14 %	Norwich Gen. Tst.	14 %
Beneficial Trust Ltd.	15 %	People's Tst & Sv. Ltd	15 %
Brit. Bank of Mid. East	14 %	Provincial Trust Ltd.	15 %
■ Brown Shipley	14 %	R. Raphael & Sons	14 %
CL Bank Nederland	14 %	P. S. Refson	14 %
Canada Perm'nt Trust	14 %	Roxburghe Guarantee	14½%
Cayzer Ltd.	14 %	Royal Bank of Scotland	14 %
Cedar Holdings	13 %	Royal Trust Co. Canada	14 %
■ Charterhouse Japhet	14 %	■ J. Henry Schroder Wagg	14 %
Choulartons**		Standard Chartered	‖14 %
Citibank NA	14 %	Trade Dev. Bank	14 %
Citibank Savings	12¼%	TCB	14 %
Clydesdale Bank	14 %	Trustee Savings Bank	14 %
C. E. Coates & Co. Ltd.	14½%	United Bank of Kuwait	14 %
Comm. Bk. N. East	14 %	United Mizrahi Bank	14 %
Consolidated Credits	14 %	Westpac Banking Corp	14 %
Co-operative Bank	*14 %	Whiteaway Laidlaw	14½%
The Cyprus Popular Bk.	14 %	Williams & Glyn's	14 %
Dunbar & Co. Ltd.	14 %	Wintrust Secs. Ltd.	14 %
Duncan Lawrie	14 %	Yorkshire Bank	14 %
E. T. Trust	14½%		
Exeter Trust Ltd.	14½%		
First Nat. Fin. Corp.	15 %		
First Nat. Secs. Ltd.	14½%		
■ Robert Fleming & Co.	14 %		
Robert Fraser & Ptns.	14½%		
Grindlays Bank	‡14 %		
■ Guinness Mahon	14 %		
■ Hambros Bank	14 %		
Heritable & Gen. Trust	14 %		

■ Members of the Accepting Houses Committee.
* 7-day deposits 11%, 1 month 11.75%. Fixed rate 12 months £2,500 11.75% £10,000 12 months 12.00%
† 7-day deposits on sums of under £10,000 11%, £10,000 up to £50,000 12%, £50,000 and over 12¼%.
‡ Call deposits £1,000 and over 11%.
‖ 21-day deposits over £1,000 12¼%.
¶ Mortgage base rate.
§ Demand deposits 11%.
** See Provincial Trust Ltd.

BIDS AND DEALS

Beecham launches agreed £13.7m bid for UniBond

BY GORDON CRAMB

Beecham, the pharmaceutical and consumer products group, yesterday launched an agreed bid worth up to £13.74m for UniBond (Holdings), an edhesives and sealants maker which came to the USM a year ago.

Family and associeted holdings account for some 60.2 per cent of UniBond, and have been pledged to acceptance of the offer.

Beecham, which has no UniBood stake of its own, is offering 45 of its own shares for every 71 in UniBond. A cash alternative of 225p per share can be accepted fully or in part.

Shares in Unibond, suspended ahead of the announcement, returned yesterday to close 63p bigher at 218p, wbile those of Beecham added 3p to 358p.

UniBond shareholders will receive a second interim dividend of 1p net, making a year's total of 2.5p, and the new Beecham shares issued will qualify for the group'e final payout for the current year. The Beecham shares issued will represent less than 0.5 per cent of its expanded capital.

The acquisition would take Beecbam into the first division of the UK home improvement market, the company said. Together with UHU and Copydex, which it already owns, Beecham's share of a fragmented UK market for adhesives and sealants would reach about 8¼ per cent.

Beecham intends to group the three businesses intoa division headed by Mr Lee Bushby, managing director of UniBond. Mr Ian Bushby, his brother—currently UniBond's export director—will also bave his role extended to cover all of Beecham's UK operations in home improvement products.

UniBond, based in Camberley, Surrey, is in the process of moving into e new factory and office complex. Beecham said it would scrap plans to sell the company's old site nearby, and instead begin production there of UHU glue sticks, which until now have been imported from West Germany.

Beecham also has adhesives businesses in the U.S. and France, all acquired in the last two years as part of an attempt to establish an international presence in bome improvement. It said yesterday it saw potential in integrating their activities, particularly et the research and the marketing ends.

Beecham is not seeking any further acquisitions on the home improvement side, but will pursue its strategy of expanding its consumer products side generally. Last December it bought British American Cosmetics from BAT Industries for £125m.

The £13.74m value put by Beecham on UniBond is based on the assumpion of the full exercise of options held by Unibond staff. Beecham intends to extend the offer to the option holders.

Among the conditions attaching to the offer are the verifying of estimates for UniBond's 1984 trading performance. Pre-tax profits are expected to rise from £688,000 to at least £850,000, on turnover up from £8.6m to a minimum of £10.5m.

C & W selling four subsidiaries

BY JASON CRISP

AN AGREEMENT in principle has been reached between Cable and Wireless and Bell Canada International under which C & W wil sell four of its European maintenance subsidiaries to BCI. The deal is expected to be worth less than £10m.

This is part of BCI'e plans to become e leading force in the third party maintenance of computers in Europe. Last antumn it bought General Computer Systems, a small privately-owned British company which was one of the leading third party maintenance companies in the UK.

BCI is buying Cable and Wireless UK Services, Eurotech BV, Eurotechnica SA and Eurotech (Italia) SpA. Neither company would comment on the value of the deal other than to say the net assets of the four companies being sold represented less than 2 per cent of C & W'e net assets at March 31 last.

Main business of the Eurotech subsidiaries is the distribution and rental of computer, data and telecommunications equipment and systems.

Mr Ernest Potter, finance director of C & W, said yesterday: "Our decision to seek an eppropriate new owner for UKS and the other companies is in line with our existing medium- and long-term plans. The UK has been designated as an area of accelerated growth and the principal vehicle for this expansion will be Mercury Communications and the development of Value Added Network Services."

Mr Rheal Proulx, managing director of BCI (UK), said the move underlined the company'e determination to become a leading contender in "the rapidly expanding independent computer maintenance market in Europe."

BCI is a wholly owned subsidiary of Bell Canada Enterprises, which has annual revenues of over C$10bn and owns a number of major companies, including Northern Telecom and TransCanada Pipelines.

Ritblat claim angers Panel

BY ALEXANDER NICOLL

THE Takeover Panel reacted strongly last night to a bitter statement by British Land made following the property company's failure to win a large stake in Stylo, the sboe retailer.

An innovative tender offer by British Land whicb closed on Tuesday won acceptances covering 6.69m shares but lapsed because it was conditional on securing at least 8m. It was frustrated because Town Centre Securities, beaded like Stylo by Mr Arnold Ziff, bought over 2m Stylo shares in the market.

British Land, beaded by Mr John Ritblat, said that "unfortunately, while the Takeover Panel permitted Mr Ziff and his associates to canvass their own shareholders and to buy 2.3m Stylo shares in the market through Town Centre, British Land was denied the right of reply or permission to buy shares."

At the panel, Mr Peter Fraser responded: "To say that the *Takeover Panel permitted* Mr Ziff and his associates to canvass their own shareholders and buy Stylo shares in the market through Town Centre is a nonsense. It is not a matter in which Panel permission arises, any more than smoking in tube trains is."

The tender offer, which would have given British Land a maximum of 50.9 per cent of Stylo's equity but 29.9 per cent of voting rights, technically fell ontside the Panel's rules. Mr Fraser said the rules for a tender "are clearly written down. They walked into it with their eyes open and knew the rules."

Shares in Stylo, which is tightly controlled by the Ziff family, rose 5p yesterday to 170p, compared with the maximum 185p casb price offered by Britisb Land. Shares in Town Centre, which added to its existing 8.5 per cent holding at prices just above 185p, rose 5p to 48p.

IFICO terms 'undervalue E. of Scotand potential'

Industrial Finance and Investment Corporation, a USM-quoted finance company, yesterday launched its expected bid for East of Scotland Onshore, which rejected the offen as not reflecting the potential value of its strategic holdings in energy companies.

The offer, in effect a disguised rights issue which would more than double IFICO's issued capital, consists of IFICO shares valued at 118 per cent of East of Scotland's net asset value with a casb alternative at 98.3 per cent of asset valne.

The investment trust'e net asset value in November was 87.2p per share, or £8.27m in total. Yesterday, its share price fell 2p to 76p, valuing the company at £7.6m.

East of Scotland said the terms were worse than those previously offered in private discussions. About balf its portfolio is in unlisted stocks, and it has a 21 per cent holding in USM-quoted Oilfield Inspection Services. It argues that a current upturn in North Sea oilfield services is improving the prospects for such strategic holdings, and that its portfolio cannot be valued along conventional lines.

Shareholders representing 34.4 per cent of East of Scotland have indicated they will eccept IFICO's offer, including an irrevocable undertaking — believed to be by London and Manchester insurance group—to accept in respect of 18.1 per cent.

IFICO sbares fell 6p to 180p—the price at which they were taken for the purpose of calculating the offer consideration — valuing the company at £5.7m.

Guinness Peat lifts stake in Brit. Arrow

Guinness Peat Group is to enlarge its interest in Britannia Arrow Holdings by buying additional stock in the company from London and Manchester Assurance.

The new purchases would raise GPG'e stake in BAH to almost 28 per cent of the enlarged issued share cepital. Last week, the group bougbt 25 per cent from United Kingdom Temperance and General Provident Institution.

Yesterday, Guinness Peat repeated its earlier assertion that it has no plans to bid for the wbole of the group. Britannia has already reacted coolly to GPG'e epproaches.

The terms of the latest purchase are tbe same as UKPI's: threa new GPG ebares for two BAH, giving the transection a valne of £5.4m, pricing GPG at 72p and BAH at 108p.

Martin in fresh talks

FRESH DISCUSSIONS are taking place between R. P. Martin, the foreign exchange and currency broker, and outside interests whicb could lead to a menagement buy-out of the company.

On the London Stock Exchange news of the talks boosted tha sbares 20p to 410p, placing a value on the company of £39.8m. At the end of November last year, Martin announced that it was involved in talks with a number of parties, including the management, which might lead to an offer. In January the talks were said tq have been terminated.

Yesterday's statement said that the board "announce that discussions are currently taking place, involving amongst others the management of the company, which may or may not lead to an offer being made for the share capital of R. P. Martin."

When the first discussions were announced, Mr David McWilliam etressed that the management buy-out proposals sbould not be interpreted as reflecting any form of dissension within the group.

Among the outside interests rumoured to be interested in Martin, and in backing the existing management in a buy-out, are Security Pacific, a Californian bank which has interests in Hoare Govatt, the London stockbroker, and Charles Pulley, a jobber.

LMI extends its cash alternative

London & Midland Industrials (LMI), which has made a share bid worth ebout £9.5m for Hoskins & Horton, says the cash alternatives worth £8.8m will remain open for 14 days after the February 17 final closing date, provided the offer goes unconditional.

EIO offer lapses

The offer by Ecclesiastical Insurance Office for St Andrews Trust lapsed yesterday after receiving acceptances covering 1.97 per cent of tbe trust's equity. The bid wae made for technical reasons and was not intended to succeed. EIO holds 33.3 per cent of St Andrews.

BIDS AND DEALS IN BRIEF

Redman Heenan International, the troubled Worcester-based engineering group which last week announced plans to sell its largest manufacturing subsidiary, Froude Consine, yesterday said it would also sell Heenan Drives, which makes variable epeed drives.

Redman ie due shortly to announce restructuring plans whicb would leave it without manufacturing interests but with a property portfolio.

* * *

Investment portfolios managed by merchant bankers Robert Fleming and Co. hold 12.97m ordinery shares within two years. cent, in Woolworth Holdings.

* * *

BET, the £1.25bn services company, has made an offar to acquire the publicly-held minority in its subsidiary, BET Omnibus Services (BETOS), by a Scheme of Arrangement under Section 206 of tbe Companiee Act 1948. The offer, which values the minority at £1.1m, is expected to be completed by tha end of March.

* * *

The Petrocon Group is to buy 51 per cent of United Testing Services, e company providing production testing, wire line and consulting services to the onsbore and offsbore oil industry.

Petrocon will pay £150,000 cash for new shares in UTS representing 30 per cent of the enlarged capital and £56,000 in casb and the issue of 33,347 new Petrocon ahares for a 21 per cent stake held by certain shareholders. The group has an option to acquire the balance. UTS made pre-tax profits of £59,000 in tbe nine months to December 31, 1984 and hed net assets at that date of £75,000.

* * *

The Lovat Enterprise Fund bas made an equity investment of £375,000 in K. T. Quirke and Sons in exchange for 20 per cent of the capital. The directors intend to obtain a market in the ordinary shares, or 16.02 per

The Quirke family founded the company in 1969, and it started trading as a petrol forecourt operator. Tbe funds provided are to finance the expansion of the business generally.

APPOINTMENTS

London & Northern posts

LONDON AND NORTHERN GROUP has appointed as directors: Lord Bruce-Gardyne of Kirkden, director of the Central Trustee Savings Bank and NEI International; Mr Anthony Bowring, group solicitor and director of group componies, United Scrap Holdings) and Tactico; Mr ePter Cameron, chairman of the group company Cameron Farquhar, he will co-ordinate the UK construction interests of the group; Mr John Mackenzie, director of the group's associeted company, Tace, and director of Scottish, English and European Textiles; Mr Charles Mackenzie, director of group companies United Medical Enterprises and Allied Medical Group and director of Scottish, English and European Textiles; Mr William Samuel, chairman of the group company Steel Stockholdings, he will co-ordinate the group's interests in oil an dsteel related projects; and as company secretary; Mr Clifford Mullett, group accountant, divisional director and director of the group company European Earthmovers.

*

Mr Christopher Bayly and Mr Alan Gaynor have been appointed joint managing directors of GB PETROLEUM CONSULTANTS, a specialist independent petroleum consultancy financed by Lazard Brothers & Co. Both were senior executives with Gaffney Cline.

*

Mr John S. Wetherall has been appointed managing director of CHARTERHOUSE JAPHET (JERSEY) following the resignation of Mr K. P. H. Mackenzie as managing director of Charterhouse Japhet (Jersey) and associated companies, to take np another senior eppointment in Jersey. Mr Wetherall was formerly a director of Standard Chartered Bank in Jersey.

*

Mr Peter Judson has joined Stoke-on-Trent-based CHARRINGTONS CONTRACT LEASING, as director of sales and marketing.

*

On reaching retirement age, Mr Peter C. Chivers has retired from the board of W. E. CHIVERS & SONS but remains as a non-executive director of W. E. Chivers Holdings. His eon, Mr Graham J. Chivers, chief accountant of W. E. Chivers & Sons since 1977, has been appointed to the board of W. E. Chivers Holdings. Mr Bruce Hopkins has been appointed to the board of W. E. Chivers & Sons as works and services director, formerly the responsibility of Mr Peter C. Chivers.

*

Mr Arthur Francis has been appointed managing director of UNITED EXHIBITION SERVICES. He succeeds the late Mr P. A. Mahoney, and joined UES as operations director in 1976.

*

After seven years as general sales manager of HAZEL GROVE MUSIC CO, Cheadle, Mr Stan McKenna has been appointed to the board.

*

HP FOODS has named its new board following its separation from Golden Wonder. Mr Ian Menzies-Gow, who was seconded as operations director to Ross Foods/Youngs Seafoods from Golden Wonder HP Foods in 1983, has been appointed managing director. Mr Richard Burden, currently Golden Wonder HP Foods group financial controller, is appointed finance director. Mr Reg Dickinson continues as purchasing director; Mr Jim Hempstead, currently Golden Wonder HP Foods personel planning manager, is appointed personnel director. Mr David Wellings, currently chairman and chief executive of HP Foods and Golden Wonder, retains that position in both companies.

*

Professor Roy Pike and Mr Richard Stein have been appointed non-executive directors of RICHARD CLAY. Prof Pike is chief scientific officer at the Ministry orf Defence. He is also chairman of Physics Trust Publications, Adam Hilger and the John Wright Publishing Group. Mr Stein is finance director of BOC and chief executive, finance, of BOC International.

*

LEGAL & GENERAL has made the following appointments at: Legal & General Assurance Society—Mr H. A. Mann, to manager (resources); Mr A. G. Redshaw, to manager (life administration); Mr D. N. Kenning, to deputy regional manager (north); Mr M. F. Elstone, to manager (personnel); Mr N. A. Morley, to controller (planning); Mr C. D. Pullan, to assistant actuary (life).

At Legal & General (Investment Management): Mr D. B. Godfrey, to controller (investment finance); Mr D. M. Revie, to controller (investment finance). At Legal & General Group: Mr V. S. Ayer, to assistant group secretary.

UK ECONOMIC INDICATORS

ECONOMIC ACTIVITY—Indices of industrial production, manufacturing output (1980=100); engineering orders (1980=100); retail sales volume (1978=100); retail sales value (1980=100); registered unemployment (excinding school leavers) and unfilled vacancies (000s). All seasonally adjusted.

	Indl. prod.	Mfg. output	Eng. order	Retail vol.	Retail value*	Unemployed	Vacs.
1983							
4th qtr.	103.5	98.1	160	109.9	151.4	2,941	162.8
1984							
1st qtr.	102.9	97.4	101	109.0	123.5	2,998	147.0
2nd qtr.	100.8	98.2	104	111.6	130.7	3,026	154.3
3rd qtr.	100.9	99.7	101	112.5	133.8	3,076	[illegible]
4th qtr.				115.1	164.0	3,103	166.5
August	100.4	100.0	88	111.3	132.8	3,074	162.0
September	101.9	100.3	113	114.3	134.3	3,096	170.0
October	103.2	100.0	109	113.6	140.3	3,100	170.5
November	103.0	100.9		114.4	150.2	3,102	167.6
December				117.0	194.1	3,108	161.3
1985							
January						3,126	157.3

OUTPUT—By market sector; consumer goods, investment goods, intermediate goods (materials and fuals); engineering output, metal manufacture, textiles, leather and clothing (1980=100); housing starts (000s, monthly average).

	Consumer goods	Invst. goods	Intmd. goods	Eng. output	Metal mnfg.	Textile etc.	Housg. starts*
1983							
3rd qtr.	98.5	92.0	108.5	94.8	105.3	90.5	17.5
4th qtr.	99.0	93.6	110.2	96.4	110.4	93.0	15.9
1984							
1st qtr.	97.9	92.4	110.1	95.2	113.9	89.8	16.5
2nd qtr.	99.6	93.6	104.8	96.4	107.3	91.3	17.8
3rd qtr.	100.7	95.0	103.5	98.1	108.6	91.9	16.3
June	99.0	94.0	105.0	98.0	112.0	91.0	19.4
July	100.0	94.0	103.0	97.0	106.0	91.0	18.3
August	100.0	95.0	103.0	99.0	111.0	91.0	15.5
September	102.0	96.0	105.0	99.0	109.0	95.0	15.9
October	101.0	96.0	109.0	98.0	107.0	93.0	15.7
November	101.0	97.0	109.0	99.0	110.0	93.0	13.9
December							8.5

EXTERNAL TRADE—Indicee of export and import volume (1980=100); visible balance; current balance (£m); oil balance (£m); terms of trade (1980=100); exchange reserves.

	Export volume	Import volume	Visible balance	Current balance	Oil balance	Terms trade	Resv. US$bn*
1983							
4th qtr.	107.3	112.9	−221	+350	+2,099	97.7	17.82
1984							
1st qtr.	109.5	113.1	−123	+455	+2,323	97.3	16.75
2nd qtr.	108.3	117.9	−1,238	−320	+1,586	96.9	15.51
3rd qtr.	107.4	119.0	−1,565	−485	+1,739	96.8	15.26
4th qtr.	118.8	127.2	−1,212	+516	+1,618	96.3	15.52
August	111.5	123.6	−511	−241	+392	96.7	15.35
September	107.9	124.9	−778	−408	+589	96.8	15.26
October	115.6	133.1	−853	+ 75	+400	96.8	15.35
November	118.7	121.8	−152	+248	+386	96.2	15.50
December	122.0	126.6	−207	+193	+833	95.9	15.69
1985							
January							15.52

FINANCIAL—Money supply M0, M1 and sterling M3, bank advances in sterling to the private sector (three months' growth at annual rate); building societies' net inflow; HP, new credit; all seasonally adjusted. Clearing Bank base rate (end period).

	M0 %	M1 %	M3 %	Bank advances %	BS inflow £m	HP lending £m	Base rate %
1983							
4th qtr.	7.9	10.4	8.8	18.9	2,745	2,774	9.00
1984							
1st qtr.	4.1	10.1	8.2	13.6	2,600	2,868	8.50
2nd qtr.	4.8	24.5	11.1	18.9	1,795	2,870	9.25
3rd qtr.	5.3	10.2	6.3	9.9	1,628	2,809	10.50
4th qtr.	9.6	24.3	13.4	16.9	2,492	2,941	9.63
August	4.8	11.4	7.1	11.0	133	930	10.50
September	4.4	7.8	4.0	2.4	987	891	10.50
October	6.7	18.5	9.6	11.4	1,125	1,003	10.50
November	9.9	27.3	18.6	17.1	363	967	9.63
December	12.2	27.2	12.1	22.4	1,004	971	9.63
1985							
January							14.00

INFLATION—Indices of earnings (Jan 1980=100); basic materials and fuels, wholesale prices of manufactured products (1980=100); retail prices and food prices (1974=100); FT commodity index (Jnly 1952=100); trade weighted value of sterling (1975=100).

	Earnings*	Basic matls.*	Whsale. mnfg.*	RPI*	Foods*	FT* comdty.	Strlg.
1983							
4th qtr.	153.2	128.4	126.7	341.8	316.4	298.50	83.2
1984							
1st qtr.	153.6	133.6	129.0	343.9	321.7	308.67	81.7
2nd qtr.	155.9	134.3	132.0	350.9	329.1	305.06	79.8
3rd qtr.	159.6	134.1	132.8	353.9	326.8	288.95	78.0
4th qtr.		140.1	134.3	358.3	326.8	289.64	74.1
August	159.2	133.2	132.6	354.8	326.9	294.18	78.4
September	159.9	135.2	133.3	355.5	324.9	288.95	77.2
October	164.2	137.9	133.9	357.7	326.2	292.40	75.6
November	163.0	139.2	134.3	358.8	326.6	289.89	75.2
December		143.2	134.7	358.5	327.6	289.64	74.1
1985							
January						296.98	71.5

* Not seasonally adjusted.

Bankers Trust comes back to market with $300m FRN, Page 42

WALL STREET

Caution deemed prudent

INVESTORS remained cautious on Wall Street yesterday as they waited for President Ronald Reagan's State of the Union message to Congress, although stocks continued to be heavily traded, *writes Terry Byland in New York.*

Tensions between the Administration and the Federal Reserve have increased the market's uncertainties over the current trend of the Fed's credit policies.

An improvement in the stock market was aborted at midsession when bond prices weakened on discouraging reports from the auction of $6bn in 10-year Treasury securities – the first of the Treasury's new "stripped" bonds, intended to widen demand for zero coupon federal issues.

At the close the Dow Jones industrial average was 4.64 down at 1,280.59.

Stocks in the Detroit car makers turned easier again in response to the latest news from the industry. In addition to the weak final 1984 quarter at General Motors, Detroit has indicated widespread discounting on prices for small cars, as well as a 4.1 per cent dip in sales of U.S.-made cars in the late January period.

General Motors eased by $⅛ to $80⅝, and Ford at $46¼ gave up $⅜. Also weaker were the airline stocks, where price discounting has upset Wall Street analysts. United Air dipped $⅝ to $45⅝, and Eastern, in technical default on its senior debt, shed a further $⅛ to $4⅞ after reporting a $30m loss for January. But Delta, steady at $44⅞, continued to outperform the sector.

Retail stocks were mixed as the season of 1984 results opened. Sears, first of the large chains to report progress, shed $⅛ to $35.

After disclosing lower earnings for the final quarter, K mart, the discounter, also gave ground, slipping $⅝ to $40. But some department stores moved up, led by Federated Department, $⅜ up at $55⅝ and J. C. Penny, $⅛ firmer at $48⅝.

The Dow average was helped by IBM, $⅝ up at $136⅝, and again challenging its peak levels. Honeywell, $⅛ up at $64⅝, remained firm but attracted only modest turnover. Tandy Corporation, the Radio Shack group, jumped $1⅛ to $30⅝ in heavy trading.

Steel shares, attracting favourable comment from brokerage analysts, had an active session. Inland Steel gained $⅛ to $25⅛, LTV $⅛ to $12⅝ and Bethlehem Steel $⅛ to $20⅛. Armco Steel put on $⅛ to $11⅛ following the latest trading results.

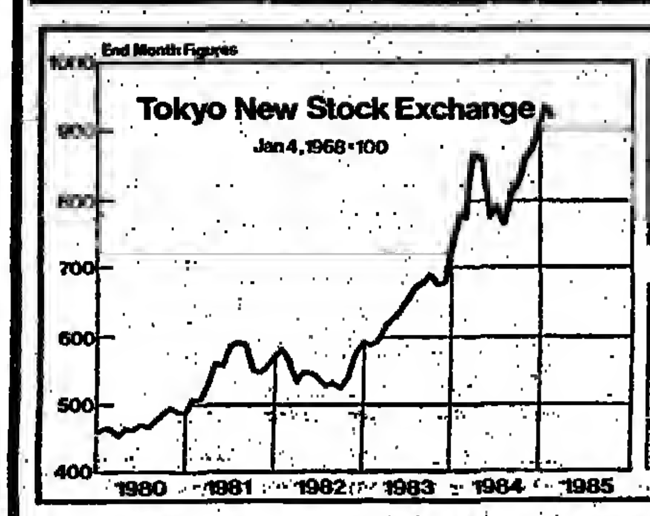
Once again there was heavy turnover in Philips Petroleum as speculators awaited developments on the bid proposal from Mr Carl Icahn. The stock eased $⅛ to $50⅛, against Mr Icahn's indicated price of $55 a share, or $8.5bn for the total Phillips equity.

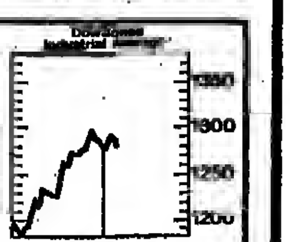
But some nervous speculators bailed out of Unocal, widely rumoured to be the next target of Mr T. Boone Pickens, whose deal with Phillips now hangs in the balance. At $45⅝, Unocal fell $1⅛, with more than 2m shares traded as some holders decided not to wait for tomorrow when, claim the rumour-mongers, Mr Pickens will file his intentions with the Securities and Exchange Commission.

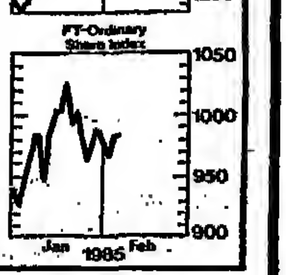
TRW gained $1 to $79⅝ on its increased profits, and similar news helped Pitney-Bowes $⅛ up at $43⅛.

In the largest block trade ever recorded on the American Stock Exchange, a 6m share block of BAT Industries of the UK changed hands in the form of ADRs – 1 ADR equals one share of BAT. The deal was done at $4.25 a share making a total value of $25.5m. The previous record trade by ADR volume was in October 1983 when 3m shares of ICI of the UK was traded for a value of $26.6m. The BATs block was handled by Goldman Sachs.

A further easing in federal funds to 8⅛ per cent brought falls of several basis points in Treasury bill rates, but money market rates edged higher. In the bond market, prices opened lower despite the success of Tuesday's auction of Treasury securities. The longer-dated issues to be auctioned yesterday and today present a more serious test of market confidence. At midsession the when-issued yield on the 10-year Treasury notes due for auction had risen to 11.37 per cent. The key long bond was $^{22}/_{32}$ down at 103$^{15}/_{32}$.







KEY MARKET MONITORS

Tokyo New Stock Exchange Jan 4, 1968=100

End Month Figures

Dow Jones Industrial Average

FT-Ordinary Share Index

STOCK MARKET INDICES

	Feb 6	Previous	Year ago
NEW YORK			
DJ Industrials	1,280.59	1,285.23	1,174.31
DJ Transport	617.14	626.11	527.66
DJ Utilities	149.98	149.88	131.26
S&P Composite	180.43	180.61	158.08
LONDON			
FT Ord	983.3	982.4	805.2
FT-SE 100	1,289.5	1,289.1	1,038.2
FT-A All-share	619.42	617.67	486.24
FT-A 500	676.97	675.86	519.46
FT Gold mines	487.8	474.3	604.7
FT-A Long gilt	10.85	10.86	10.21
TOKYO			
Nikkei-Dow	11,867.17	11,823.43	10,121.1
Tokyo SE	918.93	917.65	773.15
AUSTRALIA			
All Ord.	777.9	777.2	778.3
Metals & Mins.	448.8	444.9	551.4
AUSTRIA			
Credit Aktien	62.21	61.68	55.43
BELGIUM			
Belgian SE	2,152.66	2,147.29	–
CANADA			
Toronto			
Metals & Minls	2,193.7*	2,176.7	2,222.0
Composite	2,619.8*	2,605.2	2,415.9
Montreal			
Portfolio	132.89*	131.81	118.44
DENMARK			
Copenhagen SE	n/a	172.89	221.55
FRANCE			
CAC Gen	197.3	196.0	165.2
Ind. Tendance	107.9	106.8	88.3
WEST GERMANY			
FAZ-Aktien	395.09	389.42	364.98
Commerzbank	1,147.2	1,135.4	1,078.5
HONG KONG			
Hang Seng	1,333.31	1,352.47	1,134.12
ITALY			
Banca Comm.	268.90	264.38	228.25
NETHERLANDS			
ANP-CBS Gen	198.5	198.2	168.2
ANP-CBS Ind	157.2	156.7	138.3
NORWAY			
Oslo SE	334.88	991.38	238.17
SINGAPORE			
Straits Times	812.99	825.13	1,068.38
SOUTH AFRICA			
Golds	929.4	924.6	872.1
Industrials	862.8	862.8	970.4
SPAIN			
Madrid SE	115.29	114.63	77.2
SWEDEN			
J & P	1,485.25	1,485.01	1,593.52
SWITZERLAND			
Swiss Bank Ind	414.6	411.5	370.7
WORLD	Feb 5	Prev	Year ago
Capital Int'l	195.8	195.6	184.3

GOLD (per ounce)

	Feb 5	Prev
London	$303.00	$302.25
Zürich	$303.35	$302.25
Paris (fixing)	$303.28	$300.62
Luxembourg	$303.45	$302.00
New York (Feb)	$302.20	$302.30

* Latest available figure

CURRENCIES

(London)	U.S. DOLLAR Feb 6	U.S. DOLLAR Previous	STERLING Feb 6	STERLING Previous
$	–	–	1.114	1.115
DM	3.2215	3.227	3.59	3.5875
Yen	259.45	259.7	289.0	288.5
FFr	9.8375	9.86	10.95	10.9475
SwFr	2.737	2.742	3.05	3.045
Guilder	3.649	3.651	4.065	4.055
Lira	1,977.5	1,980.5	2,202.5	2,198.5
BFr	64.45	64.55	71.8	71.65
C$	1.33475	1.33485	1.4865	1.483

INTEREST RATES

	Feb 6	Prev
Euro-currencies (3-month offered rate)		
£	13$^{11}/_{16}$	13⅝
SwFr	5$^{5}/_{16}$	5⅜
DM	6$^{1}/_{16}$	6$^{1}/_{16}$
FFr	11$^{1}/_{16}$	11⅛
FT London Interbank fixing (offered rate)		
3-month U.S.$	8⅞	9⅛
6-month U.S.$	9⅛	9$^{5}/_{16}$
U.S. Fed Funds	8$^{1}/_{16}$*	8$^{5}/_{16}$
U.S. 3-month CDs	8.50*	8.55
U.S. 3-month T-bills	8.10*	8.125

U.S BONDS

Treasury	Feb 6* Price	Feb 6* Yield	Prev Price	Prev Yield
9⅝ 1987	99$^{18}/_{32}$	9.996	99$^{19}/_{32}$	9.979
11⅝ 1992	101$^{19}/_{32}$	11.344	102$^{3}/_{32}$	11.17
11⅝ 1994	101$^{12}/_{32}$	11.376	101$^{27}/_{32}$	11.302
11⅞ 2014	103$^{17}/_{32}$	11.398	103$^{29}/_{32}$	11.277
Corporate				
AT & T				
10⅜ June 1990	98⅛	11.15	98⅛	11.15
3⅞ July 1990	77¼	9.35	77¼	9.35
8⅜ May 2000	78⅞	11.75	78⅞	11.75
Xerox				
10⅞ March 1993	96⅜	11.25	96⅜	11.25
Diamond Shamrock				
10⅜ May 1993	95⅞	11.55	95⅞	11.55
Federated Dept Stores				
10⅞ May 2013	89⅜	11.90	89⅜	11.90
Abbot Lab				
11.80 Feb 2013	99¼	11.90	99¼	11.90
Alcoa				
12¼ Dec 2012	99½	12.30	99½	12.30

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
March	72–04	72–28	72–04	72–22
U.S. Treasury Bills (IMM) $1m points of 100%				
March	91.75	91.87	91.74	91.79
Certificates of Deposit (IMM) $1m points of 100%				
March	91.08	91.27	91.06	91.20
LONDON				
Three-month Eurodollar $1m points of 100%				
March	90.94	90.99	90.90	90.90
20-year National Gilt £50,000 32nds of 100%				
March	103–26	103–28	103–14	103–25

COMMODITIES

(London)	Feb 6	Prev
Silver (spot fixing)	557.05p	552.85p
Copper (cash)	£1,259.50	£1,269.50
Coffee (Mar)	£2,393.50	£2,392.00
Oil (spot Arabian Light)	$27.90	$27.90

LONDON

Impressive rebound from losses

EARLY LOSSES were overturned in London bond and equity markets yesterday. The performance was considered impressive because they initially had seemed set to fall as UK money market rates rose and sterling traded uneasily against a strong dollar.

These dual influences cancelled hopes of an immediate reduction in bank lending rates but failed to remove the prospect of a cut before next month's Budget.

Leading shares and gilt-edged stocks both suffered, but the lower prices, instead of attracting sellers, drew renewed small support. Markets rallied swiftly before easing again in the absence of any follow-through demand. They then improved again in front of the New York market opening. Blue-chip industrials led the movement, and the FT Ordinary index, which began 5.4 down, closed a net 0.9 up at 983.3.

The equity session was not without colour. Many situation stocks came into their own, and bid speculation surrounded leading issues such as Thorn EMI and Debenhams. The former, which last autumn was rumoured to be the target for a U.S. predator, rose 20p to 460p on talk that a consortium was building up a share stake. Several possible suitors were mentioned for Debenhams, 23p up at 216, including Hanson Trust.

Lex, Page 22; Chief price changes, Page 34; Details, Page 35; Share information service, Pages 36–37

SINGAPORE

PROFIT-TAKERS dominated Singapore trading, and the Straits Times industrial index dropped 12.99 to 812.52 on volume that slipped to 13.4m shares from Tuesday's 15.8m.

Among leading blue chips to suffer were OCBC, 20 cents off at S$9.25, and OUB, 6 cents down at S$3.90.

In plantations, Kulim shed 5 cents to S$2.15 and KL Kepong retreated 4 cents to S$2.38. Scattered buying interest in Consolidated Plantations failed to stop a 3-cent slide to S$2.75.

UOL, in a much-beleaguered property sector, was actively traded but slipped 3 cents to S$2.24 while Singapore weakened by 6 cents to S$2.11.

SOUTH AFRICA

A FIRMER BIAS was detected among Johannesburg gold shares as the bullion price held to its higher level. Early trading oscillated partly due to the strengthening of the rand against the dollar.

Buffels finished 75 cents stronger at R67.75, although Driefontein was unchanged at R49. Elsewhere, South African Land and Exploration firmed 15 cents to R5.65, and Consolidated Modderfontein managed a similar advance to R10.50.

Two listed asbestos producers, Gefco and Msauli, extended the previous session's strong gains in a continued response to the U.S. Environmental Protection Agency's softening of its anti-asbestos stance. Msauli managed a 20-cent surge to R1.25, and Gefco edged up a further 10 cents to R1.70.

CANADA

MODERATE GAINS were scored by gold, oil, metal and management stocks in Toronto.

Among the more actively traded issues, Dome Petroleum, which signed a debt rescheduling pact with 56 lenders, rose 18 cents to C$2.78 on turnover of over 200,000 shares.

Elsewhere, Power Corp, selling 4m shares at C$28 each in an offering due to close next week, gained C$⅝ to C$29⅝.

Banks were one of the few sectors to display weakness in Montreal.

EUROPE

Dollar lends momentum to surge

THE CONTINUED strength of the dollar underpinned trading in many European centres yesterday, and further records were chalked up in the Netherlands, Switzerland, France, Italy and Norway.

In Frankfurt, where the dollar reached a 13-year high, shares continued their broadly-based recovery after Monday's sharp fall, and the Commerzbank index added 11.8 to 1,147.2.

Very heavy foreign demand was reported for Siemens in the wake of Tuesday's announcement of higher first-quarter net profits and a 1-for-17 rights issue. The share surged to DM 534.50 at one stage before settling back to close a net DM 21 higher at DM 533.

Banks and financial service issues returned to favour as interest rate worries receded. Deutsche Bank put on DM 6 to DM 400, Commerzbank DM 2.50 to DM 188 and Dresdner 90 pfg to DM 186.70.

Insurer Allianz ended at DM 1,043.50, ex-rights, picking up DM 19.50.

Nixdorf, the data processing company, added DM 6.50 to DM 532 as it announced a 21 per cent rise in sales last year and forecast higher profits. Other high technology issues were subject to profit-taking, with IWKA down DM 6.50 to DM 288.50.

In a mostly firmer motor sector, VW rose DM 4.60 to DM 198.10, BMW DM 1 to DM 380 and Daimler DM 4.50 to DM 627.50. However, Porsche slipped DM 2 to DM 1,073: it is to propose a DM 6 dividend for each DM 50 par valued preferred share.

Renewed domestic demand in the bond market enabled prices to close steady in moderate turnover. The Bundesbank sold DM 37.3m of paper after sales totalling DM 12.3m the previous day.

Some selling pressure emerged in Amsterdam following Tuesday's sharp gains, but this was easily absorbed, and the ANP-CBS General index edged 0.3 ahead to another record of 198.5.

The international sector was the major beneficiary of the strong dollar.

KLM picked up early losses to close 40 cents ahead at Fl 49.6, ex-scrip, ahead of today's third-quarter results. Hopes have been expressed that if the figures are as good as expected, the airline may announce its first dividend since 1976. A 9 per cent increase in traffic figures for January, also encouraged optimism.

Akzo was unchanged at Fl 105.10 as Enka, its West German subsidiary unveiled preliminary results showing that 1984 net profits more than doubled to around Fl 222m.

Publishers were lower, with Elsevier down Fl 1.70 at Fl 111.80. VNU shed Fl 3 to Fl 212 as it agreed to merge its pay television operations with Filmnet and secure a near-monopoly of the market.

The bond market managed to consolidate after its recent declines although persistent fears about the outlook for interest rates left investors adopting a cautious view. Bond prices were narrowly mixed.

Uncertainty over interest rates also proved an inhibition to Zurich trading although the Swiss Bank industrial index added 3.1 to a peak 414.60.

Nestlé was in demand, adding SwFr 135 to SwFr 6,335 while Alusuisse posted a sharp SwFr 48 rise to SwFr 845.

Oerlikon-Bührle put on SwFr 35 to SwFr 1,405 as the market reacted to Tuesday's announcement that the company expects to break even in 1984 after the previous year's consolidated net loss.

Bonds recovered from their recent sharp mark-downs although volume was small with the overhang of new issues limiting buying interest in secondary market trading.

A broadly-based advance in Paris took the Indicateur de Tendence up 1.1 to a record 107.90. Some surprise was expressed at the firm tone of the market in view of the outlook for interest rates and Tuesday's announcement that the French Government's state loan is being raised by FFr 5bn to FFr 20bn.

An advance was also seen in Brussels where Petrofina gained BFr 40 to BFr 7,200 despite the announcement by its U.S. subsidiary of a decline in 1984 net earnings.

A sharp BFr 400 rise to BFr 6,700 was seen for retailer Delhaize.

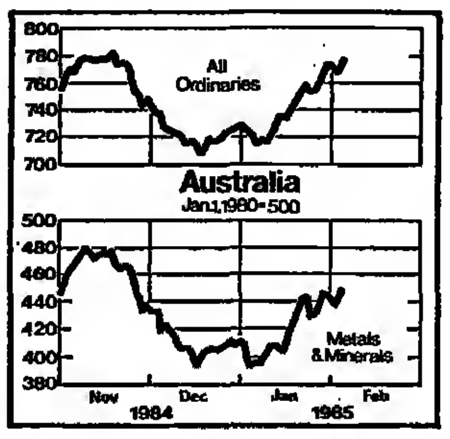
Institutional demand in Milan, particularly from rapidly-growing mutual funds, took the Banca Commerciale index up 4.52 to a record 268.90, after recent profit-taking. The rally was broadly based, despite measures by the stock exchange regulatory agency, Consob, to dampen buying enthusiasm.

Hotel group Ciga added L410 to L7,010 despite the imposition of a 100 per cent margin requirement on share dealings early in the day.

An improvement in communications issues helped Madrid higher while in Oslo, the SE index registered a 3.48 rise to a peak 334.88.

Stockholm was mixed to higher in heavy turnover. Electrolux added SKr 12 to SKr 301 in reaction to Tuesday's announcement of a higher dividend.

Pharmacia, the biotechnology and pharmaceuticals group, dipped SKr 11 to SKr 213 as the market continued to react to Volvo's purchase of a controlling stake. Volvo fell SKr 4 to SKr 299.



AUSTRALIA

HIGH-TECHNOLOGY and resource issues were two of the brightest spots in active Sydney trading that took the All Ordinaries index 5.3 higher to 777.9, just 10 points below its peak registered a year ago.

Sharp rises among some technology issues prompted queries from the stock exchange about the price movements. Newtech, which gained 40 cents to A$3.10, referred to a December announcement over talks with a U.S. group for a computer memory device. Sarich notched up a further 20-cent gain to A$4.90, and Vapocure, which holds a fast-drying paint process patent, scored a 50-cent advance to A$5.70.

Among the resource stocks, miners were firmer on the strength of the international gold bullion price. Western Mining added 10 cents to A$3.30, Comalco moved 7 cents ahead to A$2.40 and BHP rose 6 cents to A$5.26.

Bridge Oil jumped 20 cents to A$2.25 on high turnover while Vamgas gained 10 cents on the day to A$3.35.

Banks were little changed, with Westpac 2 cents stronger at A$3.55 and ANZ steady at A$4.75.

The situation stocks witnessed Woolworth slip 1 cent to A$3.46 on high volume. Lifesavers, for which Nestlé has made a A$3.30 a share takeover offer, dipped 4 cents to A$3.56.

TOKYO

Broad base to revival of buying

BUYING INTEREST built up in Tokyo yesterday, taking in not only biotechnology-related stocks but also medium-priced and cash-traded issues and those related to China, sending prices moderately higher, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei-Dow market average gained 43.74 to 11,867.17. Volume totalled 402m shares, compared with the previous day's 408m. Declines outnumbered advances by 386 to 321, with 183 issues unchanged, indicating the market was still in a liquidation mood.

Biotechnology-related issues remained in the spotlight. Nippon Oil and Fats, which had been in a correction phase after the brisk trade of late December and early January, topped the active list with 20.88m shares changing hands and rose Y67 to Y817 on speculative buying.

Kuraray gained Y80 at one stage but later came under profit-taking pressure to finish Y40 lower at Y1,150. Dainippon Pharmaceutical leaped Y250 to Y5,500.

Teijin added Y13 to Y453 on reports that the company will launch joint development of an anti-cancer agent with two drugmakers – Yoshitomi Pharmaceutical and Wakunaga Pharmaceutical. Yoshitomi also advanced Y44 to Y805.

Green Cross, however, which fared well the previous day, fell Y50 to Y1,930. It was the third busiest stock with 15.07m shares traded.

Buying interest in China-related issues revived. Fuji Heavy Industries spurted Y43 to Y600, on its plan to increase truck and bus exports to China. Iino Kaiun closed Y75 higher at Y545.

NCR Japan, a medium-priced blue chip, added Y150 to Y1,470. Toei also gained Y35 to Y495, reflecting investor expectations that the firm will enter the new media business. Sintokogio moved up Y77 to Y594 on prospects that the company can improve its business performance in the year ending in April.

Declining long and short-term U.S. interest rates restored calm to the bond market, although trust banks and major institutional investors retreated to the sidelines. Bond prices continued to fall on heavy selling by smaller securities companies, discouraged by the yen's plunge against the U.S. dollar.

The yield on the benchmark 7.3 per cent government bonds, due in December 1993, dropped to 6.660 per cent from 6.690 per cent the previous day in response to smaller brokerage houses' small-lot buying.

HONG KONG

THE SHADOW of a stronger U.S. dollar hung over Hong Kong as many investors revised their estimates of corporate trading results due soon. The Hang Seng index fell 19.16 to 1,333.31 for the regular half-day session.

The leading ranks saw setbacks for Cheung Kong, 20 cents weaker at HK$13.10, Hongkong and Shanghai Bank 10 cents off at HK$8.70 and Hongkong Electric 15 cents cheaper at HK$7.60.

Elsewhere, Hutchison Whampoa plunged 30 cents to HK$19.50, Jardine Matheson shed 35 cents to HK$8.30 and Sun Hung Kai retreated 20 cents to HK$3.90.

Some buying support was detected for Hongkong Wharf on the hope of a relatively good result for 1984, but the group finished the day down 10 cents to HK$5.75.

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
23½	16⅞	AAR	.40	9.4	18	42	20½	20¼	20¼	−⅛
26	8¾	AGS			12	127	16¼	15⅞	15⅞	
16	12⅛	AMCA	1	6.7		2	12	12	12	+⅛
17⅛	13⅛	AMF	.50	3.2	38	837	15¼	15⅛	16¼	
39¾	24¼	AMR			8	15067	38	35⅞	36⅞	−1⅛
20⅞	18¼	AMR	pf2.18	11		14	19⅞	19⅝	19⅝	+¼
39⅛	27½	AMR	pf2.12e	8.9		22	28	35⅞	35⅞	−1½
25⅞	22⅞	ANR	pf2.67	11.		1	25¼	25¼	25¼	+⅛
14¾	8½	APL			3	64	11⅞	11¼	11⅛	+¼
69¾	44¼	ASA	3	5.9		485	51⅝	50½	50⅞	+¼
27	15	AVX	.32	1.3	15	1461	25½	24¼	25	+1
48¾	35¾	AbtLab	1.20	2.5	14	8414	48¼	47½	47⅞	+⅛
25⅞	16½	AccoWd	s.44	1.7	20	34	25¼	25	25¼	+⅛
24½	12½	AcmeC	.40	2.1		210	19¼	19	19⅛	+⅛
11½	8⅞	AcmeE	.32b	3.1	12	34	10¼	10⅛	10¼	+¼
17⅞	15	AdaEx	2.11e	13		65	16⅝	16⅝	16⅝	−⅛
18⅞	11⅞	AdmMl	.32	1.8	9	19	17½	17¼	17½	+½
19½	8⅞	AdvSys	.811	6.5	20	108	12½	12½	12⅞	+⅛
41⅞	25⅞	AMD			14	3090	35⅞	34¼	34¼	−⅝
12¾	6⅞	Advest	.12	1.1		163	10⅞	10¼	10½	+½
13⅝	6¾	Aeroflex			19	154	u13¾	13½	13½	+⅛
41⅛	27¼	AetnLf	2.64	6.3	35	9585	u42⅝	41⅛	42	+⅞
58¾	52⅞	AetL	pf5.87e	11.		104	55½	55½	55½	+⅛
32⅛	15¼	Ahmns	1.20	4.0	17	688	30	29¾	29⅞	+¼
4⅞	2⅞	Aileen			29	22	3	2⅞	2⅞	
50	36½	AirPrd	1.20	2.5	11	731	49⅞	48½	48⅞	−1
26	13	AirbFrt	.60	2.7	13	97	22⅞	22½	22½	−¼
2	⅞	AlMoa	s		25	88	1⅞	1⅞	1⅞	−½
31⅛	28¾	AlaP	pfA3.92	13.		6	31¼	31	31	−¼
[illegible]										

Continued on Page 33

AMERICAN STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
7 1/4	3 7/8	ADI	n		22	222	5 7/8	5 5/8	5 7/8	+ 1/4
3 1/4	1 5/8	ADI	wt			150	2 1/2	2 3/8	2 1/2	+ 1/8
2 1/4	1/8	AICPh				1	1 1/8	1 1/8	1 1/8	
15 1/4	8 1/4	AL	Lab .20	1.7	11	86	11 1/8	11 1/2	11 1/2	
17 1/8	12	AMC	n .12	.8	12	74	18 5/8	18	19	− 1/8
5	2 1/8	AM	Inp			1856	4 3/8	4 1/4	4 3/8	− 1/2
75 1/4	58	ATTFd	n5.52e	7.3		73	u75 1/2	75 1/4	75 1/4	
9	2 1/8	AcmePr			29	13	5	5	6	
15 7/8	8 1/2	AcmeU	.32	2.8	16	62	11 1/2	11 1/8	11 1/8	+ 1/8
17	8 5/8	Action			29	334	15 5/8	15 1/4	15 5/8	+ 1/8
9 1/8	3 7/8	Acton				241	5 1/8	5	5 1/8	+ 1/8
3 5/8	1 1/2	AdmRs			8	100	2 1/4	2 1/8	2 1/4	
27 1/4	15 5/8	AdRusl	.74	.5	20	219	27 5/8	27 1/8	27 1/2	+ 3/8
24 1/4	18	Adobe	.20	4.9	12	78	18 1/4	18 1/4	18 5/8	+ 1/4
8 3/8	4 1/2	Aeronc			8	308	7 1/8	7	7 1/4	+ 1/8
35 7/8	16 1/2	AffHsp	.44	1.2	18	9	35 7/8	35 5/8	35 5/8	
39 3/8	25 3/8	AffPb	s		18	37	38 3/4	38	38	− 1/2
9 3/8	6	AirExp			9	38	7 1/4	7 1/8	7 1/8	− 1/8
14	5 7/8	Aircal			9	72	8 5/8	8 1/8	8 1/4	
5 1/4	2 5/8	Alamco			8	31	3 1/8	3	3	− 1/8
75 1/4	65 1/2	Almito	n			96	75	74	74 3/4	+ 1/4
13 1/8	6 5/8	AlbaW			9	74	8 1/4	7 7/8	8 1/8	+ 1/4
4	2	AlnTre				2	3	3	3	− 1/8
9 1/2	6 1/4	Aloha			2	27	7 1/4	7	7 1/4	+ 1/4
19	9 1/2	Alphain	.05	.4	17	230	12 1/4	11 3/4	12 1/4	+ 1/2
1 3/8	1/2	Altex				80	1 1/2	1 1/8	1 1/2	+ 1/8
25 3/8	11	AlzaCp			54	315	25 5/8	24 3/8	25 1/4	+ 1/4
18 5/8	9 1/2	Amdahl	.20	1.3	20	3757	16	15 1/4	15 5/8	+ 3/8
16 1/2	6 1/2	Amedco	.08	.8		95	10 1/4	10	10 1/8	+ 1/4
8 1/8	4 1/4	AmBilt	.15	1.7	6	180	u8 3/4	8 1/2	8 5/8	+ 1/2
6 1/4	4	AmCap				10	5 1/8	8 1/2	8 1/4	− 1/8
33 1/2	12 1/4	AExp	wt			929	u33 5/8	32 1/8	32 5/8	− 1/8
7 1/8	5 5/8	AFruc	A			z9800	7 5/8	7 1/4	7 1/2	− 1/8

Continued on Page 34

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

Continued from Page 32

X—Y—Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
44 7/8	39 3/4	Xerox	3	6.7	16	3636	44 7/8	44 1/2	44 1/2	+ 1/8
51	45 1/4	Xerox	pf5.45	11.		1392	u51 1/8	51	51	
29	19	XTRA	.64	2.4	10	308	27 1/2	26 5/8	27	− 1/4
96	24	ZaleCp	1.32	4.7	8	75	28	27 1/4	27 7/8	+ 1/8
24 3/8	14 1/2	Zapata	.84	5.1	19	5365	16 5/8	16 1/8	16 1/2	+ 3/8
57	28 1/4	Zayre	.40b	.7	15	221	57	56 3/8	56 5/8	+ 3/8
31 1/4	18 1/8	ZenithE			6	844	23 1/4	68	23 5/8	+ 1/2
27 1/4	16	Zero	.40	1.5	16	36	25 1/2	25 1/4	25 1/2	
31 1/8	31 1/4	Zurnin	1.32	4.3	11	306	31 3/8	30 5/8	31	+ 1/8

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–when distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Feb. 6	Price Sch%	+ or —
Creditanstalt	229	......
Goesse	390	+5
Interunfall	425	......
Laenderbank	226	......
Perlmooser	647	—1
Steyr-Daimler	157	......
Veitscher Mag	300	—4

BELGIUM/LUXEMBOURG

Feb. 6	Price Frs.	+ or —
B.B.L.	1,900	......
Banq. Int. A. Lux	6,600	+60
Bekaert B	4,940	+40
Ciment CBR	6,560	+80
Cockerill	266	—2
Delhaize	0,700	+400
EBES	2,775	......
Electrobel	8,110	+10
Fabrique Nat	2,100	......
GB Inno BM	2,895	—15
GBL (Brux)	8,095	—0
Gevaert	3,645	+90
Hoboken	0,970	—10
Intercom	2,075	......
Kredietbank	7,740	......
Pan Hldgs	10,700	+100
Petrofina	7,900	+40
Royale Belge	10,060	......
Soc. Gen. Banq	3,250	......
Soc. Gen. Belge	1,805	—15
Sofina	7,300	—60
Solvay	3,930	+20
Stanwick Intl.	1,470	......
Traction El.	3,910	......
UCB	4,750	+150
Wagon Lits	9,370	—10

DENMARK

Feb. 6	Price Knr %	+ or —
Andelsbanken	285	—3
Baltic Skand	095	—10
CopHandelsbank	287	—5
D. Sukkerfab	650	—10
Danske Bank	288	—9
De Danske Luft.	1,990	+80
East Asiatic	164	—2
Forenede Brygg.	805	—10
Forenede Damp.	94	—1
GNT Hldg	599	—10
I.S.S.B.	375	—4
Jyske Bank	005	......
Novo Ind.	1,740	+50
Privatbanken	238	—6
Provinsbanken	988	—0
Smidth (F)	239	+4
Sophus Berend	900	—10
Superfos	447	—7

FRANCE

Feb. 6	Price Frs.	+ or —
Emprunt 4½% 1973	1610	......
Emprunt 7% 1973	7,425	+19
Accor	960	+0
Air Liquide	600	+9
BIC	684	+10
Bongrain	1,030	—10
Bouygues	758	+8
BSN Gervais	2,570	—8
CIT-Alcatel	1,292	+1
Carrefour	1,885	+45
Club Mediter'n	1,216	+12
Cie Bancaire	610	......
Cofimeg	207	+9
Damart	9,580	+30
Darty	1,130	+39
Dumez S.A.	686	—15
Eaux (Cie Gen)	670	—7
Elf-Aquitaine	235	+0.9
Essilor	2,940	+35
Gen. Occidentale	713	......
Imetal	83.0	+1.5
Lafarge Coppee	403.0	—9.7
L'Oreal	9,294	—46
Legrand	9,006	—4
Maisons Phenix	195.8	—1.2
Matra S.A.	1,665	—45
Michelin B	838	+30
Midi (Cie)	2,240	—10
Moet-Hennessy	1,978	+20
Moulinex	101.8	+1.4
Nord Est.	76.5	—9.7
Pernod Ricard	692	—8
Perrier	500	+32
Petroles Fra.	265.6	+4.6
Peugeot S.A.	277	+3
Printemp.Aus.	205.8	+7.8
Radiotech	266.5	—0.5
Redoute	1,325	+40
Roussel Uclaf	1,599	+14
Selimeg	311	......
Skis Rossignol	2,010	+11
Telemech Elect	2,360	+16
Thomson CSF	470	+2
Valeo	249	—11.5

GERMANY

Feb. 5	Price Dm.	+ or —
AEG-Telef.	114.9	+2.9
Allianz Vers	1045xr	+19.5
BASF	161	+3
Bayer	190.5	+3
Bayer-Hypo	663	+2
Bayer-Verein	597	+8
BHF-Bank	280	+5
BMW	360	+1
Brown Boveri	194.5	......
Commerzbank	168	+8.0
Cont'l. Gummi	123.1	+1.6
Daimler-Benz	627.5	+4.5
Degussa	351	+7
D'sche Babcock	100.5	+1.0
Deutsche Bank	400	+6
Dresdner Bank	188.7	+0.9
GHH	189.0	—2.5
Hochtief	470	......
Hoechst	185.2	+1.2
Hoesch Werke	105	......
Holzmann (P)	391	—7
Horten	169	......
Hussel	297	+7
Karstadt	210	—0.8
Kaufhof	215.8	......
KHD	248.5xr	—1
Kloeckner	78.2	+1
Linde	397	+2.8
Lufthansa	188.8	+1.5
MAN	161	+1
Mannesmann	103.2	+1.8
Mercedes Hld	546.5	+5.5
Metallgesell	934	+3
Muench Rueck	1100	—5
Nixdorf	639	+8.6
Porsche	1073	—9
Preussag	258	+18
Rhein West Elect	102.5	+0.7
Rosenthal	344	+4
Schering	476	+12.6
Siemens	035	+81
Thyssen	96.8	+9.7
Varta	176	+0.5
Veba	169	—0.5
V.E.W.	128.5	......
Verein-West.	310	+1
Volkswagen	198.1	+4.0

ITALY

Feb. 6	Price Lire	+ or —
Banca Com'le	19,160	+260
Bastogi-IRBS	194	+9
Centrale	2,950	+1
Credito Varesino	4,460	+30
Fiat	9,489	+99
Finsider	57	+1
Generali Assicur.	58,490	+540
Invest	3,820	......
Italcementi	80,200	+1280
La Rinascente	620	+98
Montedison	1,485	+18
Olivetti	0,490	—01
Pirelli Co	4,295	+115
Pirelli Spa	9,349	+60
Snia BPD	8,698	+78
Toro Assic	16,825	+106
do. Pref	11,489	+189

NETHERLANDS

Feb. 9	Price Fls	+ or —
ACF Holding	196	+1
AEGON	160.5	—0.0
Ahold	617	......
AKZO	105.1	......
ABN	398	......
AMEV	219	—1.5
AMRO	74.2	—0.0
Bredero Cert	169	......
Bos Kalis Westm.	14.0	—0.7
Buehrmann-Tet	80.5	—1
Calland Hldgs	55.5	+0.3
Dordtsche Pet'm	175.6	+1
Elsevier-NDU	111.8	—1.7
Fokker	95.5	+1.8
Gist Brocades	180.5	+1
Heineken	156.6	+1.3
Hoogovens	91.8	—0.3
Int Mueller	41.6	—0.2
KLM	49.6xe	+0.4
Naarden	47.9	+0.3
Nat Ned Cert	281.8	—0.7
Ned Mid Bank	179	—0.8
Nedlloyd	161	—0.6
Oce Grinten	998	+1
Ommeren (Van)	28.3	+0.1
Pakhoed	66.5	—1.7
Philips	60.1	+0.1
Robeco	74.3	+0.3
Rodamco	137	+0.1
Rolinco	67.8	+0.4
Rorento	43.8	—0.1
Royal Dutch	196	+1.6
Unilever	358.8	+1
VMF Stork	142.6	+0.1
VNU	219	—3
West Utr Bank	104.6	+0.7

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Feb. 6	Price Kroner	+ or —
Bergens Bank	169	......
Borregaard	418	+6
Christiania Bank	165	—1
DenNorske Cred	168	+1
Elkem	147.5	+6.6
Kvaerner	196	+9
Norsk Data	459.5	+8.3
Norsk Hydro	113.6	......
Storebrand	839	+1.6

SPAIN

Feb. 6	Price Pta%	+ or —
Bco Bilbao	392	—3
Bco Central	320	......
Bco Exterior	200	......
Bco Hispano	169	—3
Bco Popular	574	—17
Bco Santander	558	—8
Dragados	174	+8
Hidrola	94.0	+1.5
Iberduero	106.0	+8.5
Petroleos	168	+1.3
Telefonica	135.5	+4.6

SWITZERLAND

Feb. 6	Price Frs.	+ or —
Alusuisse	845	+48
Bank Leu	3,800	+10
Brown Boveri	1,560	......
Ciba Geigy	9,820	+40
do. (Part Certs)	2,915	+10
Credit Suisse	9,410	—90
Elektrowatt	2,750	+50
Fischer (Geo.)	730	+3
Hoff-RochePtCts	88,600	—250
Hoff-Roche 1/10	8,860	—20
Jacobs Suchard	6,360	—60
Jelmoli	1,990	+10
Landis & Gyr	1,930	......
Nestle	0,335	+135
Oer-Buehrle	1,405	+30
Pirelli	288	+0
Sandoz (Br)	7,775	+60
Sandoz (PtCts)	1,325	+18
Schindler (PtCts)	710	......
Sika	1,120	+20
Surveillance	4,100	......
Swissair	1,190	......
Swiss Bank	369	—1
Swiss Reinsce	9,200	......
Swiss Volksbk	1,480	—6
Union Bank	3,010	+10
Winterthur	3,000	+50
Zurich Ins	19,900	+100

SWEDEN

Feb. 6	Price Kronor	+ or —
AGA	370	—5
Alfa-Laval	309	......
ASEA (Free)	555	+9
Astra (Free)	496	+6
Atlas Copco	113	......
Cardo (Free)	290	—0
Cellulosa	158	—1
Electrolux B	301	+18
Ericsson	303	—1
Esselte	486	......
Mo Och Domsjo	281	+1
Pharmacia	913	—11
Saab Scania Free	460	+15
Sandvik	590	+6
Skandia	305	—6
Skan Enski'da	66.5	......
SKF	195	+3
St Kopparbergs	168	+9
Sven Handlesbn	181	—1
Swedish Match	246	—1
Volvo B (Free)	299	—4

AUSTRALIA

Feb. 6	Price Aust $	+ or —
ANZ Group	4.70	......
Alliance Oil Dev.	1.05	—0.02
Ampol Pet.	1.75	......
Ashton	0.8	+0.02
Aust Cons Ind.	1.99	+0.01
Aust. Guarantee	2.65	......
Aust. Nat. Inds	2.54	—0.04
Aust. Paper	8.55	+0.05
Bell Group	5.24	+0.04
Bell Res.	4.50	......
Bond Corp Hldgs	1.3	+0.05
Boral	5.36	+0.01
Bougainville	1.95	......
Brambles Inds.	3.7	+0.02
Bridge Oil	2.90	+0.2
B.H. Prop.	0.26	+0.06
CRA	0.38	+0.02
CSR	5.09	+0.04
Carlton Utd	4.30	......
Castlemaine Tys.	4.75	+0.1
Coles (G.J.)	4.1	......
Comalco "A"	2.4	+0.07
Consolidated Pet	0.61	+0.04
Costain Aust	1.3	+0.02
Dunlop Aust.	9.21	—0.91
Elders IXL	3.09xc	......
Energ Res.	1.4	—0.02

AUSTRALIA (continued)

Feb. 6	Price Aust. $	+ or —
Gen Prop Trust	2.18	......
Hardie (James)	5.05	+0.05
Hartogen Energy	2.26	......
Herald W'yTimes	4.03	+0.05
ICI Aust.	6.06	......
Jimberlana F.P.	0.28	+0.05
Kia Ora Gold	0.13	......
Lend Lease	0.74	+0.08
MIM	9.68	+0.83
Meekatharra (illegible)	5.8	......
Myer Emporium	2.01	+0.08
Nat. Aust. Bank	5.68	......
News	19.3	+0.05
Nicholas Kiwi	1.80	......
North Bkn Hill	9.29	+0.08
Oakbridge	0.64	—0.01
Pancont'l	1.1	......
Pioneer Conc	1.79	—0.02
Poseidon	2.75	+0.05
Queensland Coal	1.33	+0.05
Reckitt & Coln	3.29	+0.02
Repco	1.15	—0.01
Santos	6.3	+0.08
Smith (Howard)	3.7	......
Thos. Natwide	2.08	+0.07
Tooth	6.8	......
Vamgas	3.35	+0.1
Western Mining	3.3	+0.1
Westpac Bank	5.65	+0.02
Woodside Petrol.	0.85	......
Woolworths	5.46	—0.01
Wormald Intl	3.35	+0.15

HONG KONG

Feb. 6	Price H.K.$	+ or —
Bank East Asia	24	—0.1
Cheung Kong	13.1	—0.2
China Light	14.0	—0.1
Evergo	1.54	—0.04
Hang Seng Bank	46.75	+0.25
HK Electric	7.0	—0.15
HK Kowloon Wh.	0.75	—0.1
HK Land	4.97	—0.1
HK Shanghai Bk.	8.7	—0.1
HK Telephone	60.6	—1
Hutchison Wpa.	19.5	—0.5
Jardine Math.	8.5	—0.15
New World Dev.	6.45	—0.05
Orient O'seas.	9.66	......
O'seas Trust Bk.	2.7	—0.02
SHK Props	8.9	—0.2
Shell Elect.	1.86	......
Swire Pac A	93.9	......
TV—B	6.7	......
Wheel'k Mard A.	4.16	—0.02
Wheel'k M'time.	1.1	......
World Int. Hldgs.	1.93	—0.01

JAPAN

Feb. 6	Price Yen	+ or —
Ajinomoto	1,070	+10
Alps Electric	9,040	—30
Amada	1,140	—10
Asahi Chem	669	—8
Asahi Glass	850	—9
Bridgestone	820	......
Canon	1,370	+20
Casio Comp	1,800	+30
Chugai Pharm	1,050	—20
Citizen	000	+9
Daiei	030	—8
Dai Nippon Ptg	830	......
Daiwa House	034	—1
Ebara	340	—4
Eisai	1,030	—70
Fanuc	10,960	—30
Fuji Bank	1,340	+10
Fuji Film	1,760	......
Fujisawa	1,080	......
Fujitsu	1,510	—10
Green Cross	1,930	—50
Hasegawa	307	—3
Heiwa Real Est.	605	—6
Hitachi	880	......
Hitachi Credit	1,080	—10
Honda	1,410	—10
House Food	685	......
Hoya	3,150	+50
Itoh (C)	354	—3
Ito, Yokado	2,530	—20
Iwatsu	1,360	—40
JACCS	329	—1
JAL	4,860	—60
Jusco	728	—2
Kajima	271	—1
Kao Soap	880	—6
Kashiyama	607	—8
Kirin	564	+4
Kokuyo	810	+6
Komatsu	449	......
Konishiroku	710	—10
Kubota	328	......
Kumagai	680	+8
Kyoto Ceramic	5,650	+50
Maeda Const.	470	+15
Makino Milling	1,310	......
Makita	1,150	+50
Marubeni	403	......
Marudai	045	......
Marui	1,010	+10
MEI	1,530	+90
M'ta Elec Works.	646	+5
M'bishi Bank	1,400	......
M'bishi	591	—5
M'bishi Elec	400	+1
M'bishi Estate	540	—5

JAPAN (continued)

Feb. 6	Price Yen	+ or —
MHI	356	+4
Mitsui Co	528	—2
Mitsui Estate	623	—5
Mitsukoshi	594	......
NGK Insulators	910	—7
Nihon Cement	991	—9
Nippon Denso	1,360	—40
Nippon Elect	1,190	+30
Nippon Express	333	......
Nippon Gakki	2,090	—50
Nippon Kokan	155	—1
Nippon Oil	828	—5
Nippon Seiko	650	—4
Nippon Shimpan	050	—5
Nippon Steel	148	—1
Nippon Suisan	358	—6
NTV	12,000	+450
Nippon Yusen	240	—2
Nissan Motor	609	—6
Nisshin Flour	480	—10
Nisshin Steel	168	—9
Nomura	890	—7
Olympus	1,220	—50
Orient Leasing	3,050	—30
Pioneer	3,200	+190
Renown	652	—11
Ricoh	895	......
Sankyo	1,060	+60
Sanyo Elect	458	—9
Sapporo	399	—1
Sekisui Prefab	055	—5
Seven-Eleven	8,930	—20
Sharp	1,060	—20
Shimadzu	799	+17
Shionogi	717	+19
Shiseido	1,070	—10
Sony	4,090	+30
Stanley	677	—8
S'tomo Bank	1,010	+10
S'tomo Elect	905	—10
S'tomo Marine	500	+2
S'tomo Metal	146	—1
Taihei Dengyo	470	......
Taisei Corp	197	—1
Taisho Pharm	1,130	—30
Takeda	791	+6
TDK	6,590	+130
Teijin	453	+4
Teikoku	640	—0
Tokyo Marine	705	+1
TBS	835	+1
Tokyo Elect Pwr	1,510	......
Tokyo Gas	169	—3
Tokyo Sanyo	700	......
Tokyo Style	745	—5
Tokyu Corp	326	—5
Toppan Print	855	......
Toray	440	......
Toshiba Elect	412	+18
TOTO	680	—7
Toyo Seikan	890	......
Toyota Motor	1,290	—10
Victor	2,150	......
Wacoal	717	—5
Yamaha	761	+25
Yamanouchi	4,030	—150
Yamazaki	339	+1
Yasuda Fire	351	—1
Yokogawa Bdge.	420	—9

SINGAPORE

Feb. 6	Price $	+ or —
Boustead Hldgs.	1.64	—0.04
Cold Storage	9.65	—0.01
DBS	8.85xa	......
Genting	6.35	—0.05
Haw Par. Bros.	8.2	—0.08
Hong Leong Fin.	5.28	......
Inchcape Bhd.	2.53	—0.07
Keppel Shipyard	1.64	—0.08
Malay Banking	0.8	—0.05
Malay Utd. Ind.	9.36	—0.06
Multi Purpose	0.95	......
OCBC	9.20	—0.2
OUB	3.9	—0.08
Public Bank	1.68	—0.04
Sime Darby	1.9	—0.04
Singapore Press.	6.4	—0.1
Straits Trdg.	4.56	—0.06
Tat Lee Bk.	9.79	—0.05
UOB	4.46	—0.04

SOUTH AFRICA

Feb. 6	Price Rand	+ or —
Abercom	1.40	—0.07
AE&CI	7.16	......
Allied Tech	46.5	......
Anglo Am Coal	43.5	+0.5
Anglo Am Corp	24.25	+0.25
Anglo Am Gold	163.5	—3
Barclays Bank	15	+0.25
Barlow Rand	10	+0.05
Buffels	67.75	+0.75
CNA Gallo	9	......
Currie Finance	3.8	......
De Beers	8.82	—0.06
Driefontein	49	......
FS Geduld	42.75	—0.25
Gold Fields SA	28	+0.6
Highveld Steel	4.1	—0.08
Nedbank	9.8	+0.15
OK Bazaars	13.5	......
Protea Hldgs	1.3	......
Rembrandt	30	......
Rust Plat	17	......
Safren	12	......
Sage Hldgs	6.6	+0.1
SA Brews	0.1	......
Smith (CG)	19	......
Tongaat Hulett	6.2	......
Unisec	4.6	......

OVER-THE-COUNTER *Nasdaq national market, 2.30pm prices*

Stock	Sales (Hhds)	High	Low	Last	Chng
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON
Chief price changes
(in pence unless otherwise indicated)

RISES

Appleyard	46	+ 6
Avana	597	+19
BAT Inds	383	+ 8
BTR	672	+23
B. McConnell	278	+ 9
Cable & Wireless	530	+17
Canning (W.)	102	+ 8
Debenhams	216	+23
Dee Corp.	206	+13
Dixon (David)	152	+ 6
F. N. Finance	99	+ 4
Fisons	308	+10
Horizon Travel	128	+ 8
ICI	870	+10
Lloyds Bank	597	+12
Martin (R. P.)	410	+20
Minet Hldgs.	277	+ 7
Minorco	780	+60
New C. Nat. Res.	81	+11
R. Bnk. of Scot.	268	+ 6
Thorn EMI	460	+20
Town Centre	48	+ 5
Wace	32	+ 4

FALLS

A. B. Electronic	425	—45
Falcon Resources	500	—22
Ferranti	148	— 6
Halstead (J.)	78	— 6
Racal Elects.	198	— 4
TI	214	— 6
Unitech	256	— 9

Continued on Page 42

AMERICAN STOCK EXCHANGE CLOSING PRICES

Continued from Page 33

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CANADA

TORONTO
Prices at 2.30pm February 6

Sales	Stock	High	Low	Close	Chng
1700	Celanese	57¼	7⅛	7⅛	
100	C Distb A	$8½	8⅝	8½	
37750	CTL Bank	311¼	11¼	11¼	— ¼
100	Conwest A	$8⅝	8⅝	8⅝	
16450	Cosaka R	256	250	255	+15
4104	Imasco	$52¼	52¼	52¼	+ ¼
400	Indal	514	14	14	
900	Inglis	312¼	12½	12¼	+ ¼
78100	Inland Gas	$15¼	15⅛	15¼	
12350	Inter Pipe	$34	33¾	34	— ¼
600	Roman	512	12	12	
10	Rothman	$42¼	42¼	42¼	+ ¼
59700	Sceptre	$6½	6½	6⅛	+ ¼
4250	Sears Can	$8	7⅞	7⅞	
36633	Shell Can	$24	23⅞	23⅞	+ ½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Total sales: 16,103,555 shares

LONDON STOCK EXCHANGE

MARKET REPORT

Quieter markets demonstrate underlying resilience

Thorn EMI and Debenhams feature

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Jan 28	Feb 7	Feb 8	Feb 18
Feb 11	Feb 21	Feb 22	Mar 4
Feb 25	Mar 7	Mar 8	Mar 18

* "New-time" dealings may take place from 9.30 am two business days earlier.

London bond and share prices slowly regained early losses yesterday and in the late trade settled higher on the session: Tha performance was considered impressive because markets initially had seemed set to fall as UK money market rates rose and sterling traded uneasily against a strong dollar.

These dual influences cancelled hopes of an immediate reduction in banking lending rates, but failed to remove the prospect of a cut before next month's Budget. Nentral conclusions on UK money supply trends gave markets little guide. Dealers therefore seized on Wall Street's failure overnight to sustain peak early levels for the excuse to mark values down.

Leading shares and Gilt-edged stocks both suffered but tha lower prices, instead of attracting sellers, drew renewed small support. Markets rallied swiftly before easing again in tha absence of anyl follow-through demand and then improving again in front of the New York market opening. Blue chip industrials led the movement and the FT Ordinary share index, which began 5.4 down, closed a net 0.9 up at 983.3.

The equity session was not without colour. Many situation stocks cama into their own and bid speculation surrounded leading issues as as Thorn EMI and Debenhams. The former, which last autumn was rumoured to be the targat for a U.S. predator, rose strongly on talk that a consortium was building up a share stake. Several possible suitors were mentioned for Debenhams including, of course, Hanson Trust.

Government securities fluctuated narrowly after regaining early losses of ¼. After Tuesday's sales, the authorities were not bid for stock of the three remaining tranches of conventional and index-linked issues. Afternoon turnover was especially sparse and longer-dated Gilts came to rest ½ or so harder on the session, but shorter maturities settled fractionally easier on balance.

RBS better

Royal Bank of Scotland returned to prominence in the banking sector, rising 6 to 266p on news that th merger with Charterhouse Japhet is not to be referred to tha Monopolies Commission; RBS have recently been bought on talk that Lloyds was about to sell its 21.3 per cent stake in the company. The major clearers plotted an irregular course in moderate trading. Lloyds moved up 12 to 597p and NatWest 10 to 678p, both to new 1984-85 peaks, but Midland eased 5 to 345p and Barclays 2 to 643p. Takeover speculation pushed selected merchant banks higher. Hambros gained 7 to 182p and Kleinwort Benson put on 5 to 440p. Elsewhere, First National Finance Corporation, continuing to reflect press comment in the wake of tha impressiva results, touched 100p before closing a further 4 up on balance at 99p.

Despite a reported denial from St Paul Company's of the U.S. that it intends to sell its near-26 per cent stake in Minet, the latter attracted renewed speculative support and finished 7 up at 277p. Among firmer Composites, General Accident advanced 12 to 545p and Royals improved 7 to 582p; the latter's preliminary results are scheduled for March 4.

The drinks sactor proved to be much of a backwater. Breweries rarely strayed from overnight positions with the exception of Scottish and Newcastle, 2½ to the good at 139½p. In regionals, G. Ruddle improved 3 for a two-day gain of 7 to 158p amid talk that a broker is currently advising clients to make purchases up to 170p.

Buildings attracted selective buying. Feb International issues found support, tha Ordinary rising 10 to 110p and the A 5 to 88p. Burnett and Hallamshire moved up 20 to 190p and IDC rose 6 to 162p, the latter in a restricted market. A press mention stimulated Walter Lawrence, up 4 at 222p, while Howard Shuttering hardened a penny to 47p on second thoughts about the interim results. The leaders traded quietly and closed with small irregular movements.

Proceedings in the Chemical sector were again dominated by ICI which drew fresh support ahead of the preliminary results due on February 28 and touched 877p prior to closing 10 higher at 870p. Elsewhere, William Canning gained 8 to 102p as bid rumours revived, but the withdrawal of speculative support left recent favourite James Halstead 6 off at 78p.

Debenhams jump

Debenhams dominated Stores, jumping 23 to 216p in active trading on a resurgence of speculative buying which gave rise to revived talk of a bid from Hanson Trust; the latter moved erratically before closing 6 better at 220p, after 210p. Other leading retailers gained ground with British Home closing 7 up at 250p and Burton 4 dearer at 442p. Secondary issues featured Our Price, 7 higher at 360p, following demand ahead of next Monday's interim results. Martin Ford, on the other hand, fell 3 to 25p on the annual deficit. Among Shoe concerns, confirmation that British Land's tender offer for Stylo had lapsed saw tha latter moved between extremes of 175p and 160p before closing a net 5 better on the day at 170p. Town Centre Securities, the property company also chaired by Mr Arnold Ziff and which helped thwart British Land's offer by purchases of Stylo in the market, rose 5 to 48p, after 49p, on vague suggestions that British Land might now turn to TC as a way into Stylo.

Thorn EMI encountered speculation that a stake was being built up prior to a possibla consortium bid and advanced strongly to close 20 higher at 460p. In contrast, other leading Electricals remained friendless. GEC gave up 6 at 198p and Plessey 5 at 172p, while Racal ended 4 off at 198p, after 196p; the last-named announced that it had won the latest round in tha legal actions brought against Rauff and Sorensen over use of the Decca navigator system. Selling in a difficult market left AB Electronic 45 lower at 425p, while Ferranti dipped to 142p on a broker's revised lower profits forecast before settling 6 off on balance at 146p. Comment on the interim figures prompted renewed dullness in Unitech, 9 lower at 256p, after 250p. Dealings were temporarily suspended in troubled Acorn Computer, down 4 at 28p, after 23p, pending an announcement.

TI came under further selling pressure, faling to 206p before closing 6 down on balance at 214p after brokers' W. Greenwell and Panmure Gordon bad both downgraded their profits forecast. Other Engineering majors drifted easier in sympathy. GKN softened a couple of pence to 202p as did Hawker to 427p. Elsewhere, ML Holdings fell 8 to 345p after comment on the interim figures, while Westland dropped 6 further to 112p on continuing concern about the group's order book position. On the other band, Weir put on 3 to 44p, following Press mention.

Reports of a "dawn raid" on takeover favourite Rowntree Mackintosh proved wide of the mark and the shares, after touching 368p initially, drifted back to close just 3 dearer on balance at 365p. Elsewhere in the Food sector, revived demand left United Biscuits 5 firmer at 197p and Avana 19 higher at 597p. George Bassett put on 7 to 169p, while Maynards gained 5 more to 169p. Dee Corporation, a subdued market recently, revived strongly and closed 13 up at 206p.

BTR advance

BTR met with a flurry of buying activity and closed 23 higher at 672p following the announcement that it had reached agreement with Dunlop's principal bankers on financing for the Dunlop Group after is gains control; Dunlop ended 2 down at 36p, after 33½p. Other leading miscellaneous industrials ware inclined harder. Pilkington Bros, still reflecting a broker's upward revision in profits estimates, gained 10 more to 310p. Elsewhere, Unibond returned from suspension at 218p, up 63, following the bid from Beecham. Speculative demand left Lep Group 13 higher at 255p, while continuing hopes of a renewed offer from Dee Corporation left Booker McConnell 9 better at 278p. Fresh support ahead of Friday's annual results left TSL Thermal Syndicate 4 higher at 115p, after 117p. Foseco were noteworthy for a gain of 11 to 234p. Companies with overseas earnings potential to make headway included Cookson, 5 dearer at 545p and Wedgwood, a like amount higher at 227p.

Horizon Travel gained 8 to 128p following a press suggestion that Rank Organisation may be interested in bidding for the company. Intasun hardened a couple of pence to 112p. Leisuretime International eased 2 to 55p awaiting today's preliminary results, but Tottenham Hotspur hardened a penny to 75p, after 76p, following satisfactory half-year figures and a confident statement.

Appleyard Group provided an isolated firm feature in Motors, rising 8 to 46p on revived speculative support.

In Paper/Printing, Wace rose 4 to 32p in response to Press comment. Good Relations, however, softened a few pence more to 200p, with sentiment still soured by the internal rift which has resulted in six public relations executives leaving the group to join rivals Addison Communications.

Properties made further selective progress on Tuesday's report of steadily rising City rents. Hammerson A hardened 5 more to 510p, while Haslemere Estates rose 4 to 496p. Further demand in a restricted market lifted Peel Holdings 6 to 302p, while comment on the forthcoming market debut of Mann and Co directed attention towards fellow estate agent Bairstow Eves, which put on 4 to 80p.

Ocean Transport encountered renewed support and closed 4 up at 157p. Elsewhere in Shippings, P & O Deferred declined 5 to 380p and Milford Docks, recently strong on consortium bid hopes, gave up 3 to 76p after profit-taking.

Interest in the Textile sector cooled after the previous day's excitement generated by Entrad's bid for Tootal. The latter softened a penny to 77p following the Board's strong rejection of tha Australian group's offer. David Dixon met with revived speculative support and finished 8 better at 152p.

Imps attracted another useful trade ahead of next Thursday's half-year figures, but closed unaltered at the overnight level of 205p, after 208p. Bats firmed 6 more to a 1984-85 peak of 383p.

R. P. Martin raced up to 420p on news of the bid approach before closing 20 higher at 410p; Security Pacific have been rumoured as the possible suitor and any offer would have to receive the consent of the German Bierbaum Group, which hold a 45 per cent stake in RPM. Elsewhere in Financial Trusts, M. & G Group rose 20 to 825p and Exco gained 10 to 670p.

Oils dip and rally

News that Mexico had announced oil price changes which undercut the pricing system agreed last week in Geneva by Opec unsettled the oil majors initially. Quotations opened with double-figure falls, but quickly recovered as buyers moved in. Although the leaders finished lower on the day, falls were generally modest. British Petroleum, marked down to 537p at the outset, picked up to 548p prior to closing a net 5 off at 545p. Shell settled 8 cheaper at 760p, after 755p, as did LASMO: at 345p. News that the Cannet area appraisal well had been suspended had no apparent effect on Britoil which remained a shade easier at 215p after the news.

Attention in secondary issues again focussed on Falcon Resources; the shares, up 118 in two days this week on Colorado drilling hopes, encountered profit-taking awaiting news from a company seminar and closed 22 down at 500p. New Court Natural Resources, however, believed to have acreage close to Falcon, drew fresh support and climbed 11 more to 61p. Silvermines, which holds a stake in Falcon, firmed 4 more to 208p. Among other Oil issues, Oliver Prospecting revived and gained 5 to 60p. Premier firmed 2 to 45p while the new nil paid shares added 1½ to 6p premium.

Golds quietly firm

Investors continued to shy away from mining markets despite another resilient performance by the gold price—bullion closed $0.75 up at $303 an ounce, having traded at $304 earlier in the session.

A widespread mark-up in South African Golds failed to flush out any loose holders and in the absence of Cape selling following a mid-day rally in the Rand against the dollar, share prices maintained best levels, albeit in sensitive trading conditions. The FT Gold Mines index rose 13.5 to 487.8.

Gains among top-quality stocks extended to over 3 points with Vaal Reefs 3¾ up at £80¾. Randfontein rose 2⅜ to £80½, while gains of just over a point were noted in Western Deep, £32¾, and Free State Geduld, £19⅝. The more marginal counters fared well with Grootvlei and East Rand Prop up 22 and 33 respectively to the common level of 708p. The veteran Simmer and Jack closed 10 higher at 195p.

The Bermudan-registered Minorco returned to favour and advanced 60 to 780p as small offerings from the Continent were snapped up by American buyers. Elsewhere in Financials, Anglo American hardened a fraction to £10⅝ reflecting the covering of short positions, while "Amgold" were marked a couple of points higher to £75½. Gold Fields of South Africa rose ½ to £12⅞ following a favourable Press reception of the interim statement. London-domiciled financials traded in subdued fashion, although late support was forthcoming for RTZ, 5 dearer at 645p.

Leading Australian resource issues displayed modest gains which were often attributable to stock shortages. Bougainville, 138p, Peko-Wallsend, 298p, and CRA, 378p, all hardened a few pence, while Western Mining, dull since Monday's interim profits setback, rallied 8 to 233p.

Activity in Traded Options declined, but the 7,966 contracts struck were well spread throughout the list. Major dollar earner Jaguar returned to the fore with 1,592 calls transacted—1,026 of which were done in the March 300's. The current strength of the underlying share price prompted demand for ICI which recorded 1,116 calls. Among Oils, Shell Transport and BP attracted 519 and 458 calls respectively.

FINANCIAL TIMES STOCK INDICES

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	Jan. 31	Jan. 30	year ago
Government Secs.	79.62	79.63	79.27	79.87	80.09	79.80	82.37
Fixed Interest	83.51	83.50	83.10	83.44	83.79	83.81	87.15
Ordinary	983.3	982.4	966.3	977.5	986.1	986.7	805.0
Gold Mines	487.8	474.3	473.3	482.0	469.6	465.0	604.7
Ord. Div. Yield	4.37	4.39	4.46	4.42	4.38	4.38	4.49
Earnings, Yld.% (full)	10.92	10.97	11.13	11.06	10.95	10.94	9.46
P/E Ratio (net) (*)	11.00	10.95	10.77	10.87	10.97	10.97	12.94
Total bargains (Est.)	25,713	24,606	24,706	26,355	25,499	26,911	24,828
Equity turnover £m.	—	579.94	968.34	296.90	385.51	453.97	327.429
Equity bargains	—	20,960	20,772	12,736	21,406	22,302	19,722
Shares traded (ml)	—	190.2	129.6	145.9	179.2	213.6	147.4

10 am 977.0. 11 am 982.4. Noon 980.9. 1 pm 979.7.
2 pm 979.9. 3 pm 983.1.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.
Nil=10.65.

HIGHS AND LOWS / S.E. ACTIVITY

—	1984/85 High	1984/85 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Sec.	83.77 (9/1/84)	75.72 (30/7/84)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	87.48 (14/5/84)	80.43 (30/7/84)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1/85)	755.5 (23/7/84)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	711.7 (8/3/84)	459.6 (25/1/85)	734.7 (15/2/83)	43.5 (26/10/71)

	Feb. 5	Feb. 4
Daily Gilt Edged Bargains	154.5	147.6
Equities Bargains	135.9	134.8
Equities Value	767.9	538.3
5-day Average Gilt Edged Bargains	157.7	155.9
Equities Bargains	136.5	139.5
Equities Value	720.7	741.5

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Feb 4	Feb 15	May 9	May 20
Feb 18	Mar 1	May 30	June 10
Mar 4	Mar 15	June 13	June 24

For rate indications see end of Share Information Service

Money was given for the call of Falcon Resources, Dunlop, Debenhams, Westland, Riley Leisure, Meekathara, Aran Energy, Industrial Finance and Investment Corporation, New Court Natural Resources, Silvermines, Petranol, Thorn EMI, Sound Diffusion, Chloride, Owners Abroad and A. G. Stanley. Puts were done in Cornell and Brewmaker, while a double was transacted in Premier Oil.

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS	Wed Feb 6 1985	Tues Feb 5	Mon Feb 4	Fri Feb 1	Thurs Jan 31	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FIXED INTEREST

PRICE INDICES	Wed Feb 6	Day's change %	Tues Feb 5	xd adj. today	xd adj. 1985 to date
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

AVERAGE GROSS REDEMPTION YIELDS	Wed Feb 6	Tues Feb 5	Year ago (approx.)
[illegible]	[illegible]	[illegible]	[illegible]

BRITISH GOVERNMENT INDEX-LINKED STOCKS

EUROPEAN OPTIONS EXCHANGE

Series	Feb. Vol.	Feb. Last	May Vol.	May Last	Aug. Vol.	Aug. Last	Stock
GOLD C $320	—	—	—	—	160	15.20 A	$303.40
GOLD C $325	—	—	11	5	—	—	"
GOLD C $340	—	—	—	—	42	7.90	"
GOLD C $360	—	—	—	—	50	4	"
GOLD C $380	—	—	—	—	69	9.60	"
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

TOTAL VOLUME IN CONTRACTS: 21,015.
A=Ask B=Bid C=Call P=Put

RECENT ISSUES

EQUITIES

[illegible]
[illegible]

FIXED INTEREST STOCKS

[illegible]
[illegible]

"RIGHTS" OFFERS

Issue price	Amount paid up	Latest Renunc. date	1984/85 High	1984/85 Low	Stock	Closing price	+ or -
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
fr.16	F.P.	4/2	13	15	✱Memory Computer 10p	15	-1
38	Nil	11/2	6¼pm	4¼pm	Premier Cons. 5p	6pm	+1½
650	Nil	21/3	575pm	160pm	Samuelson Grp. £1	375pm	......
17	F.P.	1/2	24	19½	Walker (C. & W.) 15p	24	+3
250cts	Nil	1/3	72pm	60pm	Westpac $A1	70pm	......

Renunciation date usually last day for dealing free of stamp duty. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. N Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully paid. ‖‖ Introduction. ✱ Unlisted Securities Market. § Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share. ‡ Comprising one 11 per cent Cnv.Uns.Ln. stk. and one Warrant.

NEW HIGHS AND LOWS FOR 1984/5

NEW HIGHS (163)

AMERICANS (34)
CANADIANS (4)
BANKS (6)
BREWERS (1)
BUILDINGS (1)
CHEMICALS (5)
STORES (2)
ELECTRICALS (6)
ENGINEERING (5)
FOODS (3)
INDUSTRIALS (20)
INSURANCE (13)
LEISURE (3)
MOTORS (1)
NEWSPAPERS (2)
PAPER (2)
PROPERTY (3)
SHIPPING (1)
TEXTILES (4)
TOBACCOS (1)
TRUSTS (42)
OILS (2)
OVERSEAS TRADERS (2)

NEW LOWS (18)

AMERICANS (1)
Home Federal
ELECTRICALS (3)
Acorn Computer, Process Systems Inc, Plessey
INDUSTRIALS (5)
Bespak, Rexmore, Burco Dean, Star Computer, Hanover Invs
LEISURE (1)
Radio City "A" N/V
MOTORS (1)
Aerospace Engineering
PROPERTY (2)
Dares Estates, Edmond Hldgs
TEXTILES (1)
Youghal Carpets
TRUSTS (1)
Yorkgreen Invs
PLANTATIONS (1)
Applied Botanics
MINES (2)
Gem Explo & Minerals, Southern Ventures

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	24	31	49
Corpns. Dom. and Foreign Bonds	16	22	33
Industrials	321	280	864
Financial and Prop.	173	57	314
Oils	26	32	65
Plantations	0	5	9
Mines	66	29	84
Others	81	62	54
Totals	709	501	1,472

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BTR	672	+23
BP	545	- 5
Canning (W.)	102	+ 6
Debenhams	215	+23
Falcon Resources	500	-22
Hanson Trust	220	+ 6
ICI	870	+10
Jaguar	305	- 2
Minet Holdings	277	+ 7
Stylo	170	+ 5
TI	214	- 8
Thorn EMI	460	+20

Based on bargains recorded in Stock Exchange Official List.

TUESDAY'S ACTIVE STOCKS

Stock	No. of changes	Tues. close	Day's change
Tootal	28	78	+15...
Falcon Res	24	522	+42
ICI	24	860	+16
Unitech	18	265	-25
Imperial Group	16	205	+ 9
BTR	15	649	+12
Shell Trans	15	768	+20
Thorn EMI	15	440	+13
BAT Inds	14	377	+12
BP	14	550	+15
Fisons	14	298	+12
Pilkington Bros	14	300	+16
Media Tech	13	182	+14
Silvermines	12	200	+10

LONDON TRADED OPTIONS

Option		Calls Apr.	Calls Jly.	Calls Oct.	Puts Apr.	Puts Jly.	Puts Oct.
B.P. (*545)	420	132	—	—	2	—	—
	460	92	100	107	5	10	14
	500	59	67	75	10	20	27
	550	29	38	47	33	42	48
	600	12	20	27	68	75	80
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls Feb.	Calls May.	Calls Aug.	Puts Feb.	Puts May.	Puts Aug.
Imperial Gp. (*208)	160	49	48	54	1	3	4
	180	29	32	36	2	5	6
	200	11	20	26	7	13	14
	220	5½	10	15	19	24	23
LASMO (*345)	300	50	50	67	1	10	14
	330	30	43	46	6	20	27
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Feb. 6. Total contracts, 7,966. Calls 6,155. Puts 1,811.
* Underlying security price.

BRITISH FUNDS

1984-85 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
102¼	99⅝	Exch. 12pc Cnv. '85	99⅞	....	12.04	14.27
97¾	93⅞	Treas 3pc 1985	97⅞	–⅛	3.08	12.36
102⅝	99¼	Treas 11½pc 1985	99⅝	–⅛	11.54	12.43
99¼	96⅞	Treas 8¼pcCnv '85	98⅛xd	....	8.91	12.16
104⅞	99⅞	Exch. 12½pc 1985	100⅛	–⅛	12.23	11.97
103⅞	99⅛	Exch. 11½pc '86	99⅞xd	–⅛	11.77	11.99
102⅞	96⅛	Treas. 10pcCnv 1986	97¼	–⅛	10.23	12.06
93¾	88⅝	Treas 3pc 1986	93½		3.21	8.57
102	96¼	Exch 10½pc Cv '86	98¼	–⅛	10.69	11.99
104⅞	99⅛	Treas 12pc 1986	100	....	12.00	11.95
98¼	93½	Treas 8¾pc 1984-86‡‡	96⅛	–⅛	8.84	11.54
108⅞	102⅞	Exch 14pc 1986	103¼	–⅛	13.56	11.80
89⅞	85	Exch 2½pc 1986	88⅝	–⅛	2.82	9.54
107⅞	100⅞	Exch 13¼pc 1987	102⅛	–⅛	12.93	11.80
100⅞	94½	Treas 10¼pcCv '87	97⅛xd	–⅛	10.53	11.76
87⅞	83⅛	Exch 2½pc 1987	86½xd	–⅛	2.89	9.96
101⅛	94½	Exch. 10½pc 1987	97⅛		10.78	11.85
92⅞	87	Funding 6½pc '85-87‡‡	90⅛	–⅛	7.20	11.57
99⅞	92⅞	Treas 10pc 1987	96⅛	...	10.38	11.82
86⅝	81⅞	Treas 3pc 1987	85½		3.51	9.85
105	97¼	Treas. 12pc 1987	100¼	–⅛	11.97	11.86
94⅞	87⅞	Treas 7¾pc 1985-88‡‡	91¼	–⅛	8.49	11.30
100⅞	92⅞	Exch 10½pc '88	96⅛	–⅛	10.90	11.89
98⅛	89⅞	Treas 9½pc Cv '88	94⅛	–⅛	10.34	11.84
82⅞	77	Transport 3pc '78-88	81½	.	3.69	9.55
96⅞	88⅞	Treas. 9½pc '88	92⅞	–⅛	10.23	11.91
106¼	94⅞	Treas 11½pc 1989	99⅛xd	–⅛	11.61	11.81
96⅞	87⅞	Treas 9½pc Cnv. '89	92⅞	–⅛	10.29	11.86
99⅝	90⅞	Treas 10½pc 1989	95½	–⅛	10.99	11.84
100⅛	88¾	Exch. 10pc 1989	93⅞		10.69	11.90
101⅞	94¼	Exch 11pc 1989	96½	–⅛	11.40	12.01
85¼	77½	Treas 5pc 1986-89	80½	....	6.22	10.39
114¼	100⅛	Treas 13pc 1990‡‡	104¼	....	12.41	13.70
Five to Fifteen Years						
110⅞	100⅛	Exch. 12¼pc 1990	107¼	....	12.19	11.82
94⅛	84⅞	Treas 8¼pc 1987-90‡‡	89¼	–⅛	9.32	11.14
98⅞	90⅝	Treas. 10pcCv 1990	95	....	10.85	11.92
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked

[illegible]

INT. BANK AND O'SEAS GOVT STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

Financial

[illegible]

FOREIGN BONDS & RAILS

[illegible]

AMERICANS

[illegible]

AMERICANS—Cont.

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

LONDON SHARE SERVICE

BEERS, WINES—Cont.

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
260	220	Young Brew 'A' 50p	225		†5.5	2.0	3.5	20.1
180	120	Do. Non. V 50p	145		†5.5	2.0	5.4	12.9

BUILDING, TIMBER, ROADS

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
261	186	AMEC 50p	259	+2	†10.0	2.4	5.5	9.9
202	157	Aberdeen Const	194		†6.5	2.2	4.8	10.0
202	164	♦Access Satellite 5p	200	–2	u2.0	2.5	1.4	39.0
31	15	Allied Plant 5p	22	.....	B—	—	—	—
35	22	♦Amco Ind Hldgs	22	.....	—	—	—	—
77	38	Arncliffe 10p	41	.....	‡2.66	2.1	‡	6.1
111	81	Attwoods	86	–2	3.5	1.8	5.8	15.1
337	232	BPB Inds. 50p	257	–1	†7.0	3.5	3.9	9.3
220	124	Baggeridge Brick	214	.....	6.25	3.7	4.2	9.2
45	27	Bailey (Ben) 10p	27	.....	1.8	2.9	9.5	4.9
82	20	Baldwin (H. J.) 10p	30	.....	—	—	—	11.8
188	71	Barratt Dev. 10p	72		7.67	1.7	15.3	4.7
162	115	Bellway	128	–3	7.0	2.0	7.8	8.5
77	55	Benford M. 10p	65	.....	3.75	1.2	8.2	14.8
153	96	♦Berkeley Group	150	.....	u3.6	2.6	3.4	16.8
63	45	Bett Bros. 20p	58	.....	3.1	♦	7.9	♦
[illegible]								

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY & STORES—Cont.

1984-85 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
54	35	♦Kean (John) 5p	51	.....	‡1.23	♦	3.4	♦
54	23	Ladies Pride 20p	27	—	2.5	0.5	13.2	31.7
148	100	Lee Cooper	112	+2	3.49	5.1	4.7	4.5
460	148	Liberty	460		†4.5	2.4	8.9	42.8
250	97	Do. Non Vtg.	240	.....	†4.5	2.4	1.8	22.3
£29¾	£22½	Limited Inc $0.50	£28½	+¼	Q24c	—	0.8	—
155	63	Lincroft K. 10p	155		5.5	♦	5.2	♦
275	130	MFI Furniture 10p	221	–1	†4.6	2.8	3.0	16.7
135	99	Marks & Spencer	128	+2	†h3.13	2.0	3.5	20.2
248	153	Menzies (J.)	220	.....	†h3.8	4.9	1.9	14.1
143	118	Milletts Leis. 20p	120	.....	d6.95	0.7	8.3	32.5
124	70	NSS News 10p	102	.....	3.3	2.9	4.6	10.7
325	260	Owen (G.T.) "A"	315	+5	†7.0	3.5	3.2	10.3
360	215	Our Price 20p	360	+7	†3.0	4.1	1.2	23.7
188	128	Owen Owen	185	.....	3.3	2.4	2.5	20.1
98	82	Peters Stores 10p	88	.....	2.0	—	3.2	—
143	72	Preedy (Alfred)	108	.....	†3.5	2.1	4.6	12.8
30½	22½	Ramar Texts. 5p	22½	–1½	1.5	2.2	9.5	5.6
59	40	Ratners 10p	50xd	+1	2.3	0.7	6.6	34.0
48	22	Raybeck 10p	25½	.....	†0.67	4.4	‡	8.8
262	130	♦Rayford Supreme	375	.....	4.9	♦	4.1	♦
[illegible]								

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Continued

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

HOTELS—Continued

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
64	43	Magnolia Group	40		2.5	3.2	7.4	4.7
64	28	Mainmet Hldgs 10p	42	+2	—	—	—	—
270	157	Man Ship Can. £1	257		3.5	3.5	3.1	13.2
104	65	Marley	93		7.2	2.5	4.9	10.5
61½	40	Marling Ind. 10p	61½	+2½	td3.0	5.6	3.0	7.2
46	29	Marshall L'ey 'A'	40		1.2	3.6	4.3	(7.1)
77	37	Marshall's Universal	73	+1	H1.75	—	3.4	22.0
89	77	Do. 7½pcCnRedPf £1	82		7½%	—	11.1	—
30	20	Martin-Black	22φ		—	—	—	—
£108	£83	Mathesons 7¾%	£85		Q7¾%	2.3	9.2	—
432	287	Metal Box £1	412	−3	15.0	3.2	5.2	6.6
220	129	Metal Closures	154	+1	6.3	2.3	5.8	(8.5)
27	9	Metal Sciences 2½p	10		—	—	—	—
133	83	Midland Mars	85	−1	4.0	1.8	6.7	10.0
84½	45	Mitchell Cotts	82½		4.0	1.5	6.9	11.7
196	132	Morgan Crucible	198		7.5	1.2	5.5	(19.7)
36	24	Morris (W) F.A. 20p	24	−1	bg0.5	4.0	3.0	22.8
110	80	Moss (Robt.) 10p	100		12.5	2.3	3.6	14.5
330	197	NMW Computers	275		6.0	3.0	3.1	15.3
65	38	Nash Inds.	40		2.5	1.3	8.9	9.2
47	30	Neil & Spencer 10p	44	−2	—	—	—	18.9
33	11	Newman Industries	22		—	—	—	(12.0)
31	16½	Do. 10pc Cn.Cnv.Pf.	22	+½	10%	—	6.5	—
67	39	Nolton	54		g1.1	4.5	2.9	9.1
183	132	Norcros	165	+1	7.5	2.4	6.5	8.7
86	55	Nu-Swift 5p	58		2.4	3.2	5.9	7.6
100	50	Oakwood Grp.	90xd		4.5	♦	7.1	♦
190	135	Office & Elect	152		7.5	4.2	7.0	7.0
108	92	Oldacre 20p	105xd		4.0	2.6	5.4	9.3
875	625	Oriflame Intl SA	625		1053d	2.2	7.6	6.0

LEISURE—Continued

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's	P/E
288	182	LWT "A"	263	−4	14.4	2.3	7.8	8.0
75	42	Leisuretime Int 10p	55	−2	1.8	1.3	4.7	(22.1)
160	90	Magmi Ag M. 10p	160		8.75	1.2	7.0	14.3
184	118	Media Tech Int 20p	183	+1	sq2.58	3.9	2.0	18.1
137	76	Medminster 10p	127		4.85	2.6	5.5	8.6
220	138	Mid-is Morld 20p	215		3.0	3.5	1.9	14.6
26	15	Nationwide Leis.	25		0.25	2.8	1.4	33.4
46	9	Newslo Int 20c	23	−1	—	—	—	—
31½	14½	Owners Abroad	23	+1	0.15	6.1	4.7	4.1
66	33	Photax (Lon.)	40		—	—	—	—
29½	20	P'dilly Radio NV 5p	24xd		1.87	♦	11.1	♦
130	57	Pineapple Dnc. St 10p	70		d1.5	♦	3.1	♦
430	285	Pleasurama 5p	420		Hq9.2	4.7	3.1	13.6
17½	10½	Pres. Entertain 10p	16¼		12.0	2.0	3.6	21.2
158	40	Radio City 'A' NV	40	−3	5.6	0.9	20.0	7.9
70	48	Radio Clyde N/V	48		3.25	1.0	9.7	7.0
148	30	Riley Leisure 10p	58		14.2	2.4	‡	4.0
166	94	Saga Hols 20p	165	+1	3.75	1.6	3.2	27.6
£10½	111	Samuelson Grp £1	£10xr		19.0	3.6	1.3	38.8
32	18	Sangers Photo 10p	30	+1	b2.0	1.1	9.5	13.6
163	138	Scand 50p	153		bq3.68	2.2	3.4	18.6
190	98	Scott. TV 'A' 10p	154		8.1	2.9	7.5	7.2
427	186	SeaCo Inc 50.125	427	+22	—	—	—	—
35	10	SelecTV 10p	13		—	—	—	—
145	117	Spectrum 5p	117		g2.0	4.0	2.4	12.3
37	24	TSW 5p	29		1.5	2.6	7.4	7.3
157	79	TVS N/Vtg 10p	142		6.0	♦	5.2	♦
222	102½	Television Svcs 50p	222	+2	1.5	4.2	1.0	64.4
90	60	Tottenham Hotspur	75	+1	d2.3	1.6	7.8	(17.9)
260	120	Tyne Tees TV 'A' 10p	247	−1	47.5	♦	4.1	♦

MINES—Continued

Miscellaneous

1984-85 High	Low	Stock	Price	+ or −	Div Net	C'vr	Y'ld Gr's
75	31	Anglo Utd. Dev.	43	−1	—	—	—
410	210	Centennial Mar'k.	262	−13	—	—	—
175	70	Colby Res Corp.	70		—	—	—
956	450	Cons. Murch. 10c	450		10100c	1.4	9.3
37	25	Ennex Int. Ir10p	35		—	—	—
252	150	Hampton Areas 10p	192		3.75	2.1	2.6
225	140	Highwood Res.	180		—	—	—
£24½	£16	Homestake Mining $1	£20¼	+½	Q20c	—	0.9
295	135	McFinley Red Lake	210	−5	—	—	—
340	101	Musto Explorations	235		—	—	—
55	23	New Sabina Res C$1	23	−1	—	—	—
365	220	Northgate C$1	320	−5	—	—	—
718	500	RTZ	645	+8	18.0	2.7	4.0
£155½	£113½	Do. 9½pcLn '95-2000	£138½	+1	Q9½%	35.4	6.9
£13	850	Tara Expen $1	£12⅞	+⅛	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ■ "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ✠ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3)
- \# Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ✠ Not comparable.
- ♠ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- 1 Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided
- ¶ No par value.

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1984-85. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1984. K Figures based on prospectus or official estimates for 1984. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1985. P Figures based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	90	...	Arnott	152	
Craig & Rose £1	£11	...	CPI Hldgs.	57	...
Finlay Pkg. 5p	61	...	Carroll Inds.	101	
Higsons Brew	110	...	Dublin Gas	65	
Holt (Jos) 25p	940	...	Hall (R. & H.)	47	...
IoM Stm. £1	135	...	Heiton Hldgs.	16	...
IRISH			Irish Ropes	35	...
Exch. 12% 1985	£99⅛	+⅛	Jacob (W. & R.)	65	...
Nat. 9¾% 84/89	£85	+1	TMG	100	...
Fin. 13% 97/02	£89⅛	+¼	Unidare	85	...

OPTIONS — 3-month call rates

Industrials	p				
Allied-Lyons	16	GKN	17	Turner Newall	10
BAT	32	Hanson Tst.	17½	Unilever	85
BOC Grp.	25	Hawker Sidd	38	Vickers	19
BSR	16	Hse of Fraser	30	**Property**	
Babcock	14	ICI	60	Brit Land	12
Barclays Bank	48	"Imps"	18	Cap Counties	18
Beecham	32	Jaguar	28	Land Secs	25
Blue Circle	45	Ladbroke	24	MEPC	28
Boots	15	Legal & Gen	50	Peachey	22
Bowaters	20	Lex Service	28	Samuel Props	14
Brit Aerospace	38	Lloyds Bank	45	Sterling Guar.	5½
Brit. Telecom	11	Lucas Inds.	25	**Oils**	
Brown (J.)	3	Marks & Spcr	11	Brit. Oil & Min	4
Burton Ord	39	Midland Bk	30	Brit Petroleum	42
Cadburys	14	NEI	8	Burmah Oil	10
Coats Union	19	Nat West Bk.	60	Charterhall	4
Courtaulds	12½	P & O Dfd.	36	Premier	5
Debenhams	17½	Plessey	17	Shell	60
Distillers	28	Polly Peck	26	Tricentrol	18
Dunlop	6	Racal Elect	18	Ultramar	19
FNFC	8½	RHM	11	**Mines**	
Gen Accident	45	Rank Org Ord	32	Charter Cons	28
Gen Electric	17	Reed Intnl	50	Cons Gold	44
Glaxo	85	Sears	8	Lonrho	14
Grand Met	25	TI	20	Rio T Zinc	56
GUS 'A'	60	Tesco	28		
Guardian	60	Thorn EMI	35		
		Trust Houses	15		

A selection of Options traded is given on the London Stock Exchange Report page.

"Recent Issues" and "Rights" Page 35

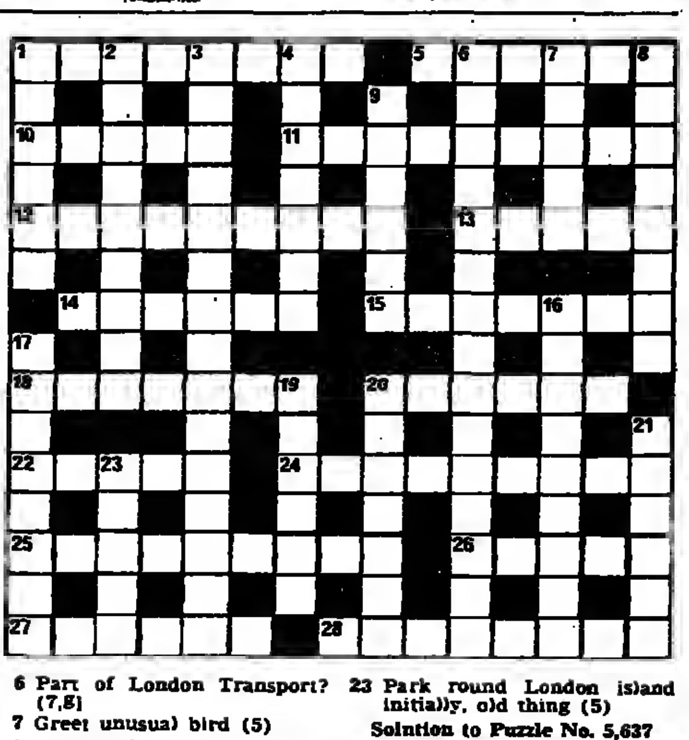
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,638



ACROSS

1 Dark item could be seen after washing (8)
5 Archaic humour showing self-possession (6)
10 Put forward in certain attitude (5)
11 Person one makes better, gives handy treatment (9)
12 Politician's measure gives balance (9)
13 Chemical unit regularly takes in saltpetre (5)
14 To insulate backing there's money in abundance (6)
15 Disreputable professional is cast Saint with hesitation (7)
18 Space it out to be free of germs (7)
20 Once shrewd Church head? (6)
22 Curt part of letter sent (5)
24 It's difficult to get out of this complex situation (9)
25 Seminars in Latin? (9)
26 Number can possibly get the elbow (5)
27 Firm in the end heading East put in another form (6)
28 Rolls-Royce carrying first lady left the French merry-maker (8)

DOWN

1 One who makes use of the office keys (6)
2 Bad rate, speed very bad (9)
3 Moderate where the unsafe driver goes (6,2,3,4)
4 Violently thrust part of book. Destructive behaviour? (7)
6 Part of London Transport? (7,8)
7 Greet unusual bird (5)
8 Took a barn dance to be abundance? (8)
9 Plates are positive sign of approval in rising main (6)
16 Chance it, perhaps, student in such a college (9)
17 It's cheap mixture, a jumble of bits (8)
19 Standard tint (6)
20 English nation takes in Doctor to adopt (7)
21 One using polish resulting from scrap? (6)
23 Park round London island initially, old thing (5)

Solution to Puzzle No. 5,637

INSURANCE, OVERSEAS & MONEY FUNDS

Liberty Life Assurance Co Ltd
Station Rd, New Barnet 01-440 8210
Fund Managers, Touche Remnant & Co

Sel Sec. 4	26.5	28.0		—
Blue Chip	22.4	23.6		—
Fixed Yield	19.5	20.6		—
Deposit Fund	16.0	16.9		—
Managed	20.9	22.1		—
International	28.5	30.4		—
Property	17.0	17.9		—
Pacific	22.2	23.4		—
Equity	16.1	17.0		—
Special Sits	25.3	26.5		—
Int.Currency	14.0	14.8		—
Index Linked Secs.	10.9	11.5		—
American	23.9	25.2		—

Life Assur. Co. of Pennsylvania
8, New Rd, Chatham, Kent. Medway 812348

LACOP Units	14.83	15.57		—

Lloyds Life Assurance
20, Clifton St, EC2A 4HX. 01-920 0202/0733 262524

Multi Gwth Feb 6		£214.176		—
Multi Gwth "A" Feb 6	282.7	297.6		—
Op D Prop Jan 31	263.6	277.5		—
Op D Equity Feb 6	376.5	396.4	+2.7	—
Op Hy Jan 31	266.1	280.2		—
Op 8 Man Jan 31	346.6	364.9		—
Op 8 Dep Feb 6	201.5	212.3	+0.1	11.82
Op 8 Bond Jan 31	187.9	197.8		—
Op 8 Inc Dist Jan 31	143.4	150.9		—
Op 8 Int Man Jan 31	215.1	226.5		8.040
Op D US$ Jan 31	169.4	178.4		12.12
Pens 8 Pr Ac Jan 31	347.7	366.1		—
Pens 8 Eq Ac Jan 31	1067.6	1123.8		—
Pens 8 FI Ac Jan 31	386.4	406.8		—
Pens 8 Mul Acc Jan 31	617.9	650.5		—
Pens 8 Dp Acc Jan 31	322.1	[illegible]		—
Pens8Gart Globe Jan 31	114.1	[illegible]		—
Pens 8 Gart HB Jan 31	107.2	[illegible]		—
Pens8GartP Jan 31	[illegible]	[illegible]		—

National Provident Institution
48, Gracechurch St, EC3P 3HH. 01-623 4200

Managed	200.8	211.4	+0.7	—
UK Equity	231.1	243.3	+1.1	—
Overseas Eq.	210.6	221.7	+1.4	—
American	214.4	225.7	+0.8	—
Far East	181.2	190.8	+1.0	—
Property	112.5	118.5		—
Fixed Int.	158.6	167.0	-0.1	—
Indexed Gilt	106.1	111.7		—
Deposit	114.2	120.3		—
Pension Fund Prices				
Man. Initial	202.4	213.1	+0.4	—
Man Acc.	225.3	237.2	+0.4	—
UK Eq. Initial	216.3	227.7	+0.1	—
UK Eq.	237.7	250.3	+0.1	—
Overseas Eq. Initial	233.2	245.5	+1.2	—
Overseas Eq.	269.0	283.2	+1.5	—
American Initial	247.6	260.7	+1.2	—
American	273.6	288.0	+1.4	—
Far East Initial	232.4	244.6	+1.8	—
Far East	257.6	271.2	+2.1	—
Prop. Initial	108.3	114.0		—
Prop.	119.6	125.9		—
Fixed Int. Initial	142.2	149.7	+0.1	—
Fixed Int.	156.4	164.7	+0.1	—
Indexed Gilt Initial	99.3	104.6		—
Indexed Gilt	109.9	115.7		—
Deposit Initial	113.0	119.0		—
Deposit	125.4	132.0		—

NPI Pensions Management Ltd.

Managed Fund	562.0	576.4		—

Prices Jan 2. Next dealing March 1

New Zealand Insurance PLC
110/114, Baxter Avenue, Southend. (0702) 344555

Kiwi Key (Managed)	372.9	384.4		—
Uk. Equity	168.4	177.2	+1.1	—
American	276.6	291.1	+5.1	—
Pacific	384.0	404.2	-1.0	—
Property	153.3	161.3		—
Gilt	175.8	185.1	-0.3	—
High Inc. Equity	159.4	167.3	+1.0	—

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management◆
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$11.61	—	+0.01	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd, London.

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Com. Fund	12.7	13.2		3.10
Chinese Fund	58.8	61.2		1.70
Precious Metal Fund	71.4	74.3		8.30
Vanguard Comty. Fd.	19.8	20.4		8.80
Financial Futures Fd.	32.5	33.8		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd	$8.62	—	-0.09	—

Money Market Trust Funds

	Nom	Apr	Int Cr	Notice
The Money Market Trust				
63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	13.67	14.21	6-mth	Call
7-day Fnd	13.41	13.94	6-mth	7-day
Oppenheimer Money Management Ltd				
66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	13.75	14.22	6-mth	Call
7-day Fund	13.93	14.41	6-mth	7-day
Money Mngt. Acct.	13.62	14.33	3-mth	Call
Dollar	7.25	7.38	6-mth	2-day

Money Market Bank Accounts

	Nom	APR	Int Cr	Notice
Aitken Hume				
30 City Road, EC1Y 2AY. 01-638 6070				
Treasury Acc	13.75	14.48	Qtr	Call
Mth. Int. Chq.	13.50	14.37	Mth	Call
Bank of Scotland				
38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	13.00	13.80	Mth	Call
Barclays Prime Account				
PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.50	13.10	Qtr	Call
Britannia Grp of Investment Companies				
29 Finsbury Circus, EC2M 5QL. 01-588 2777				
[illegible]	13.50	14.3[illegible]	Mth	Call
[illegible]				
30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc	14.00	14.93	Mth	Call
Save & Prosper/Robert Fleming				
28 Western Rd, Romford RM1 3LB. 0708 66966				
High. Int. Bk. Acc.	12.66	13.50	Daily	Call
Premier Acc.	12.66	13.50	Daily	Call
Tyndall & Co				
29-33 Princess Victoria St, Bristol BS8 4BX. 0272 732241				
Demand Acc	13.28	13.96	Qtr	Call
Money Acc.	13.375	14.08	Qtr	Chq/7
J. Henry Schroder Wagg & Co Ltd				
Enterprise House, Portsmouth 0705 827733				
Special Acc.	13.50	14.37	Mth	Call
Over £10,000	13.75	14.65	Mth	Call

NOTES:—Interest rates given both as a nominal rate and an annual percentage rate adjusted for frequency of interest credit.

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. ¶ Guernsey gross. ‡ Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies. ◆ Yield column shows annualised rates of NAV increase.

COMMODITIES AND AGRICULTURE

U.S. coffee trade says price could rise further

FLORIDA—If the tight supply and demand situation continues coffee prices could climb to as much as 160 cents a pound basis March New York futures from about 152 cents now, according to coffee traders and dealers at the National Coffee Convention. However, most felt an advance to 156 cents most likely.

They blamed the present market tightness mainly on a recent slowdown in Central and South American shipments because of poor quality supplies, political and administrative problems and shipping delays.

The present supply squeeze emerged when roasters turned to Central America for their supplies following a drop in shipments of quality coffee from Brazil in the aftermath of last summer's period of wet and cold weather.

The tightness has become acute recently as countries like El Salvador and Mexico delayed exports due to internal bureaucratic changes, they said.

In addition, Colombia oversold its January-March quota by an estimated 100,000 bags and Nicaragua is experiencing harvesting problems due to guerrilla activity in growing areas.

Brazilian exports have been generally delayed as roasters awaited new export incentives and internal price restructuring.

U.S. traders and analysts who have recently returned from South America report that some countries are holding on to supplies in expectation of higher prices.

In Sao Paulo, meanwhile, Brazilian exporters registered 373,000 bags of coffee for export yesterday, reducing the outstanding volume for February shipment to some 1.2m bags.

Exporters said it was still too early for a clear verdict on the impact of the Brazilian Coffee Institute's (IBC) stockpile sales.

In two days of sales the institute has sold 163,616 bags. However, the coffee ordered so far has been of low quality and has not yet led to any easing of the firm domestic market.

Sharp fall in U.S. crude oil stocks

BY NANCY DUNNE IN WASHINGTON

U.S. CRUDE OIL stocks last week sank by more than 7m barrels, to their lowest level since last September, but analysts said that supplies were still more than enough for the nation's needs.

At the end of the week, crude stocks stood at 329m barrels, according to the American Petroleum Institute (API), well above the 290m barrels estimated as the minimum requirement.

Dr Edward Murphy, director of API's statistical department, said the 290m figure was established several years ago before several U.S. refineries went out of business, so the minimum level could now be even lower.

Distillate fuel oil stocks dropped last week by 1.4m barrels to 142.8m barrels. The level was still almost 25m barrels higher than this time last year, due to a warm December in the north-east which added about 300,000 barrels a day to inventories, Dr Murphy said.

Although January in the north-east — where heating oil is most heavily used — was between 3 and 4 per cent colder than last year, the temperature difference added only about 100,000 barrels a day to demand.

Residual fuel oil stocks dropped last week by 1.4m barrels to 49m barrels, but inventories were 4.3m barrels ahead of 1984 because heavy oil prices have been high and dual-capacity utilities are often switching to natural gas.

Although crude oil imports were higher last week at 2.9m barrels, total oil product imports were down more than 2,000 barrels from the same time last year.

Refineries are reluctant to hold inventories because of storage and interest costs and because prices are expected to fall, according to Dr Murphy. As a result, imports in January ran about 1m barrels a day behind last year.

Block announces extra measures to help farmers

BY NANCY DUNNE

MR JOHN BLOCK, the U.S. Agriculture Secretary, yesterday announced measures to be added to his department's endorsed $650m (£583m) credit emergency programme. Mr Block said the measures would help thousands of financial-strapped farmers unable to get 1985 operating loans.

Acknowledging that the programme, announced by President Reagan during the election campaign, is not being utilised by the private banks and other commercial lenders, the secretary announced an eight point short-term aid scheme effective immediately. It includes the following measures:

- Establishment of a Farm Credit Co-ordinating Group, chaired by the secretary and including many of the government's top banking officials, to co-ordinate activities of federal and financial regulatory agencies and to co-ordinate resources within existing federal programmes.
- An interest rate "write-down" option for operating loans to be offered by banks along with a principal write-down scheme in the present programme.
- A credit assistance programme with federal guarantees backing up to 90 per cent of the loans to producers previously served by failed lending institutions.
- Special teams of USDA lending officers to be established in areas where commercial banks or farm credit system institutions have been liquidated.

The plan requires no additional federal funding, and it is likely to be found inadequate by many farm-state legislators

Brazil to restrain growth in tin exports

RIO DE JANEIRO—Brazilian tin producers will voluntarily restrain the growth in their exports this year so as not to upset the international market, reports Reuter.

SNIEE, is forecasting 1985 exports will increase 7.75 per cent to 14,385 tonnes. In 1984 exports increased over 50 per cent to 13,227 tonnes from 8,684 the previous year.

The anticipated slowdown in the growth rate of exports follows talks between representatives of the Association of Tin Producing Countries (ATPC) and the Brazilian government and industry.

Brazil decided not to join the ATPC because it did not want its relatively young tin industry to be subject to the dictates of other countries and the International Tin Council.

However, an agreement was reached in which Brazil undertook to adopt an export policy which would not disrupt the world market.

- CARGILL Investor Services, the broking subsidiary of the Cargill group, and Galbraith, the international shipbrokers owned by Samuel Montagu, are to join forces to promote the freight futures market (Biffex) which is due to open in May.

Both companies will continue to operate independently, but will co-operate in the marketing of freight futures to potential users.

- NEW ZEALAND will spend a record £5m this year promoting its lamb in the UK in the largest promotion for red meat in Britain.
- THE EEC yesterday authorised the export of 55,750 tonnes of white sugar and 6,500 tonnes of raw sugar at its weekly selling tender. The maximum subsidy granted was 42.620 European currency units per 100 kg on the white sugar exports and 39.190 units on the raws.
- PENINSULAR MALAYSIAN rubber production rose to 126,927 tonnes in November from a revised 121,856 (originally 121,801) in October, compared with 152,136 in November

Canada seal industry fights back

Bernard Simon on moves to lift the EEC ban on pelt imports

THE CANADIAN seal industry is fighting back against the conservation and animal rights groups that have destroyed its markets by persuading the U.S. and European Community to outlaw imports of seal pup pelts.

Sealers and their supporters are making their views heard from a platform provided by the Canadian Government in the form of a Royal Commission on the sealing industry set up last July. The commission is holding public hearings in several Canadian cities, and also plans to take evidence in Washington and London.

Its chairman, a Quebec judge, has dismissed complaints that the commission is biased in favour of the industry it is investigating.

Its report, however, is due to appear shortly before the EEC decides whether to renew a two-year ban on pelt imports which expires at the end of September. Sealers clearly hope that the commission's findings will convince European governments (and others) that maintaining the ban will serve no useful purpose.

Several community figures from the main seal hunting regions of Newfoundland, Labrador and the Gulf of St Lawrence have also called on the Canadian authorities to retaliate against the import ban on pelts by curtailing European fishing rights off Canada's east coast.

The controversy over the clubbing of baby seals for their once-fashionable white pelts came to a head about a year ago when anti-hunt groups organised boycotts against supe organised boycotts against supermarkets and fast-food chains in the U.S. and Britain which buy Canadian fish products.

Tesco, the British supermarket group, bowed to the pressure and agreed to halt purchases of Canadian fish until the seal hunt was stopped. McDonalds and Burger King, however, ignored the protests.

The protestors' aim has been accomplished in that this winter, for the first time, commercial sealing has come to a halt on Canada's east coast.

"It has killed sealing completely," according to Mr Bernhard Nygaard, president of Carino, the Norwegian-owned company which used to be the biggest buyer of sealskins for export.

Although the U.S. and European import bans apply only to pup pelts, the wave of adverse publicity given to seal hunting has also ruined the market for the silvery, black-spotted adult skins used mainly for coats and boots.

Carino bought about 140,000 such skins from hunters in 1980. This year, the company will buy none. It has mothballed its processing plant at Trinity Bay in eastern Newfoundland. Another processor, Karlson Shipping of Halifax, has also stopped buying skins, concentrating instead on its shipping.

The collapse of the pelt market is working through to other parts of the economy of Newfoundland and Labrador, one of the most depressed regions of North America with an unemployment rate of almost 20 per cent. The area already depends heavily on financial transfers from the federal government.

According to the Canadian Sealers' Association, there are between 5,000 and 10,000 sealers, most of whom augment their income by fishing and trapping in the summer months. About 2,000 are estimated to depend mainly on sealing for a livelihood.

Fishing experts have argued that the rapidly growing seal population will consume significantly larger amounts of fish, thus reducing the commercial catch. In addition, the seals will pass on larger number of parasitic worm to commercial fish. The Canadian fishing industry spent about C$50m last year removing worms from its catch.

Despite the ban on pelts, subsistence hunters are expected to kill up to 50,000 seals this year as food for local communities.

Newfoundlanders are especially bewildered that conservationists have picked on them, and put a large share of the blame on newspaper and television pictures of baby seals being clubbed on the ice. Accusing the protestors of hypocrisy, one local sums up the views of the seal hunting lobby: "We like seal meat like someone else likes turkey."

Shortfall in Soviet coal output feared

BY PATRICK COCKBURN IN MOSCOW

THE SOVIET UNION plans to produce 718m tonnes of coal in 1985 but a fall in output is causing concern.

Production dropped by 10m tonnes below plan last year to 712m tonnes, according to Mr Boris Bratchenko, the Coal Industry Minister.

The shortfall was largely because of the failure of the Kuzbass coalfield in West Siberia to meet its target. Output from Kubass was 146m tonnes in 1983 but many of the older mines are near exhaustion and new opencast mines have not opened on time.

The failure of the oil and coal industries to meet targets last year was criticised by the Politburo last month. A central theme of Soviet planning is to maintain traditional energy sources at existing levels of output while giving priority to the development of gas and nuclear power.

Kuzbass is expected to supply 200m tonnes of coal a year by 1995. Mr Victor Abramar, chief engineer for the field said half of the existing mines have nearly exhausted their coal supplies at present levels and needed to be deepened and reconstructed. He said work was far behind schedule.

The Kuzbass coalfield has proven reserves of 41.5bn tonnes of accessible high quality hard coal of which a third can be strip mined.

Big rise in world grain stocks expected

ROME — World carry-over cereal stocks at the end of the 1984-85 season are expected to reach 294m tonnes, 28m more than in the previous season, the United Nations Food and Agriculture Organisation said.

Most of the stocks will be in wheat, 50 per cent of which will be held by the leading exporting countries, the FAO said.

The organisation said world cereals production last year reached a record 1,780m tonnes, 8 per cent more than in 1983.

Most of last year's rise was due to a recovery of coarse grain output in the U.S., where the 1983 maize crop was hit by drought and by farmers' participation in a programme to cut acreage.

World coarse grain production is estimated to have totalled 801m tonnes in 1984 and 696m the previous year.

In Paris yesterday, M Jean Moulais, director of the French Cereals Intervention Board, said French soft wheat prices were lower than the intervention price for the first time in the board's history.

The soft wheat price, basis Rouen, was FFr 1,180 a tonne compared with an intervention price basis August, of FFr 1,250.

M Moulais said: The European Commission's proposals for 1985-86 cereals prices were not acceptable.

A 3.6 per cent drop in prices for most cereals would be slightly but not fully compensated by a proposed two point reduction in negative French monetary compensatory amounts (MCAs), he said.

The French National Association of Agricultural and Cereals Co-operatives is to open a London branch soon to allow arbitrage operations on EEC cereals.

- Home produced cereals traded between 50p and £1 per tonne down following increased general selling yesterday. Brokers said sentiment was influenced by the Ministry of Agriculture's UK supply-demand report

Reuter

LONDON MARKETS

COPPER led a general downward trend on the London Metal Exchange yesterday falling back from the five-year peak prices reached on Tuesday. A disappointing performance in New York overnight encouraged speculative selling in the morning but values rallied in late kerb trading.

Lead was depressed by increased selling pressure, and news that Asarco, the U.S. producer, had cut its U.S. domestic price by 1 cent to 19 cents a pound. It also reduced its U.S. copper price by 0.5 cents to 66.5 cents.

In the "soft" commodity markets, cocoa prices continued to fluctuate. The May futures position moved from a low of £2,218 to a high of £2,264 before closing at £2,229.5 a tonne, £12.5 down

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Feb. 6 1985	+ or —	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1165/1175	—10	$1180/1150
Copper			
Cash h Grade	£1259.5	—10	£1163.5
3 mths	£1281.25	—6.25	£1172.25
Gold troy oz	$303	+0.75	$301.25
Lead Cash	£337.5	—10	£375
3 mths	£338.75	—10.75	£382.75
Nickel			
Free Mkt	228/258c	—1	211/247c
Palladium oz	$128.50	+2	$115.75
Platinum oz	$275.25	+3.25	$276.50
Quicksilver	$298/306	......	$300/318
Silver troy oz	557.05p	+4.20	514.70p
3 mths	574.80p	+0.10	527.85p
Tin cash	£9965	—15	£9800
3 mths	£9960.5	—1	£9765
Tungsten	$78.27	—5.58	$81.75
Wolfram 22 04lb	$68/72	......	$65/70
Zinc	£757	—5.5	£785.5
3 mths	£757	—2.75	£713.75
Producers	$800	......	$900

OILS	Feb. 6 1985	+ or —	Month ago
Coconut (Phil)	[illegible]	[illegible]	[illegible]
Palm Malayan	[illegible]	[illegible]	[illegible]
SEEDS			
Copra Phil	[illegible]	[illegible]	[illegible]
Soyabean (U.S.)	[illegible]	[illegible]	[illegible]
GRAINS			
Barley Fut. May	[illegible]	[illegible]	[illegible]
Maize	[illegible]	[illegible]	[illegible]
Wheat Fut. May	[illegible]	[illegible]	[illegible]
No. 2 Hard Wint.	[illegible]	[illegible]	[illegible]
OTHERS			
Cocoa Ft. May	[illegible]	[illegible]	[illegible]
Coffee Ft. May	[illegible]	[illegible]	[illegible]
Cotton A Index	[illegible]	[illegible]	[illegible]
Gas Oil Mar	[illegible]	[illegible]	[illegible]
Rubber (kilo)	[illegible]	[illegible]	[illegible]
Sugar (raw)	[illegible]	[illegible]	[illegible]
Wooltops 64s	[illegible]	[illegible]	[illegible]

‡ Unquoted. w March. x April. u Feb-March. v March-April. † Per 76-lb flask. n Nominal. c Cents a pound.

COPPER

COPPER	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	1260.5-1	+1.5	1259-60	—10
3 months	1280-.5	—.5	1281-.5	—6.25
Settlem't	1261	—3.5	—	—
Cathodes				
Cash	1259-1	+1	1255-5	—11.7
3 months	1275-7	+8	1275.5-7.5	—5.5
Settlem't	1261	+1	—	—

Amalgamated Metal Trading reported that in the morning cash higher grades traded at £1,260, 60.5, three months £1,276, 77, 78, 79. Standard: Cathodes: Cash £1,261, three months £1,276. Kerb: Higher Grade: Three months £1,282, 83. Afternoon: Higher Grade: Three months £1,282, 83, 82.5, 83, 82.5, 82. Cathodes: Three months £1,276.5. Kerb: Higher Grade: Three months £1,284, 85, 86, 87, 86.5, 86, 87, 88. Turnover: 12,050 tonnes. U.S. Producers: 67-70 cents a pound.

TIN

TIN	a.m. Official	+ or —	p.m. Unofficial	+ or —†
High Grde	£	£	£	£
Cash	9980-5	—20	9971-5	—21
3 months	9961-5	—1	9970-5	+9.5
Settlem't	9985	—20	—	—
Standard				
Cash	9970-5	—19	9960-70	—15
3 months	9995-30	—5.5	9950-1	—1
Settlem't	9975	—18	—	—
Straits, E.	$29.15	—	—	—

Tin—Morning: Standard Cash £9,970, 75, three months £9,930. High Grade: Cash £9,980, 80, three months £9,961. Kerb: Three months £9,925, 30. Afternoon: Standard: Cash £9,975, 70, three months £9,940, 32, 31. High Grade: Cash £9,985, 90, 71, three months £9,960. Kerb: Three months £9,925, 10, 15, 10, 20. Turnover: 1,690 tonnes.

LEAD

LEAD	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	342-5	+1.15	373-8	—10
3 months	345.5-6	+4.5	338.5-9	—10.7
Settlem't	342.5	—4	—	—

Lead—Morning: Cash £342, three months £345, 46, 45.5. Kerb: Three months £345. Afternoon: Cash £338.5, three months £343, 42.5, 42, 41.5, 41, 40, 39. Kerb: Three months £340, 41. Turnover: 8,275 tonnes. U.S. Spot: 20-22 cents a pound.

ZINC

ZINC	a.m. Official	+ or —	p.m. Unofficial	+ or —†
	£	£	£	£
Cash	758-9	—8	756-8	—5.5
3 months	758-9	—.75	756-8	—2.75
Settlem't	759	—8	—	—

Zinc—High Grade Official/Unofficial prices: Cash am £786-787, pm £786-788. Three months am £787-789, pm £788-790. Settlement £787. Morning: Three months £758. High Grade: Cash £790, 89, 86, 87, three months £789. Kerb: Three months £757, 58. Afternoon: Three months £757, 56, 55, 56. Kerb: Three months £756, 57. High Grade: Cash £786. Turnover: 9,800 tonnes. U.S. Prime Western: 43.00-43.75 cents a pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or —	p.m. Unofficial	+ or —1
	£	£	£	£
Spot	991-.5	—8.25	989-91	—3.5
3 months	1024.5-5	—5.5	1026-.5	—4.25

Aluminium—Morning: Three months £1,027, 26, 27, 26, 25. Kerb: Three months £1,024, 22, 23, 24, 25, 24.5, 24, 23. Afternoon: Three months £1,022, 23, 22.5, 23. Kerb: Three months £1,023, 22, 21, 22, 23. Turnover: 10,000 tonnes.

NICKEL

NICKEL	a.m. Official	+ or —	p.m. unofficial	+ or —†
	£	£	£	£
Spot	4565-70	—18	4555-60	—17.5
3 months	4590-5	+4.5	4580-90	—2.5

Nickel—Morning: Cash £4,575, 70, three months £4,585, 90, 95, 90, 60, 85, 80, 95. Kerb: Three months £4,590, 80. Afternoon: Cash £4,555, three months £4,575. Kerb: Three months £4,585, 80. Turnover: 1,248 tonnes.

GOLD

Gold rose $¾ to $302¾-303¼ on the London bullion market yesterday. It opened at $303-303½ and was fixed at $303.45 in the morning and $302.85 in the afternoon. The metal touched a peak of $303¾-304¼ and a low of $302½-303.

LONDON FUTURES

Month	Yest'days close	+ or —	Business Done
	$ per troy ounce		
Feb.	—	—	—
April	—	—	—
Jun.	—	—	—

Turnover: 0 (0) lots of 100 troy ounces.

GOLD BULLION (fine ounce) Feb. 6

Close	$302¾-303¼	—
Opening	$303-303½	—
M'n'g fix.	$303.45	(£272.513)
Aft'n'n fix.	$302.85	(£272.274)

GOLD AND PLATINUM COINS

Kr'g'r'nd.	$318¼-313	(£281-281½)
½ Krug.	$151-151¼	(£144¾-145½)
¼ Krug.	$92-92¼	(£75¾-74½)
1/10 Krug.	$55¼-34	(£30-30½)
Mapleleaf	$319¼-313	(£281-281½)
New Sov.	$71¼-72¼	(£64¼-65)
½New Sov.	$45¼-44	(£39-39½)
Old Sov.	$72½-74	(£65½-66¾)
$20 Eagle	$465-495	(£418¼-445¼)
Noble Plat	$284-287	(£255½-258¼)

SILVER

Silver was fixed 4.2p higher at 557.05p for spot delivery in the London bullion market yesterday. U.S. cent equivalents of the fixing levels were: spot 620c, up 5.65c; [illegible] 12-month [illegible] opened [illegible] closed [illegible]

SILVER per troy	Bullion fixing price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	557.05p	+4.2	[illegible]	[illegible]
3 months	574.80p	[illegible]	[illegible]	[illegible]
6 months	591.60p	[illegible]	[illegible]	[illegible]
12 months	623.85p	[illegible]	[illegible]	[illegible]

LME—[illegible] (553.5p) [illegible] Turnover [illegible] Morning [illegible] 575.5. [illegible] untraded.

COCOA

[illegible]

COCOA	Yesterday's Close	+ or —	Business Done
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]

Sales: [illegible] tonnes. ICCO [illegible] per pound [illegible] 5: 107.39 [illegible] February [illegible]

COFFEE

[illegible]

COFFEE	Yesterday's Close	+ or —	Business Done
March	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]

Sales: [illegible] ICO [illegible] pound) [illegible] 137.36 [illegible] (136.70).

INDICES

FINANCIAL TIMES

[illegible]

REUTERS

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

OIL

Moderate trading in March and April Brent was mainly at a little above Tuesday's lows but prices strengthened towards the close. Nymex opened 2 cents up and traded at that level at 1 pm EST. The petroleum products market was very quiet as traders gathered in London for the annual conference. In very limited trading prices for prompt gas oil were unchanged but rose $2 for late February. Heavy fuel continued stable and inactive in the U.S. and Europe—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arab Light	27.85-27.95	—
Arab Heavy	26.60-26.70	—
Dubai	27.25-27.35	—
Brent Blend	28.20-28.30	+0.025
W.T.I. (1pm est)	25.80-26.30*	+0.20
Forcados (Nigeria)	28.10-25	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe "cif" ($ per tonne)		
Premium gasoline	232-234	—
Gas Oil	258-261	—
Heavy fuel oil	186-190	—

* March; rest February.

Petroleum Argus Estimates

GAS OIL FUTURES

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Feb	231.50	+1.00	231.75-28.75
March	223.00	+0.25	225.50-21.50
April	216.25	—0.75	217.75-16.50
May	214.25	—1.25	216.00-14.25
June	213.00	—1.25	214.75-15.00
July	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]

Turnover: 1,864 (total 160 tonnes.

GRAINS

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

PIGMEAT

[illegible]

POTATOES

[illegible]

OTHER MARKETS

MEAT

[illegible]

HIDES

[illegible]

WOOL FUTURES

[illegible]

COTTON

[illegible]

PARIS

[illegible]

U.S. MARKETS

PRECIOUS METALS followed currencies and finished slightly lower, reports Heinold Commodities. Copper was mostly lower on arbitrage selling against weaker sterling. Heating oil declined as industry stocks showed less than expected disappearance. Coffee moved sharply lower on reports that Brazilian sales continued. Cocoa remained unchanged after a recovery triggered by light manufacturer buying and commission house interest. Sugar remained stable in an inactive market. Cotton was mixed after consolidation following Tuesday's rally. Soyabeans and wheat were moderately lower in light trading as reports of better country movement shifted the market psychology towards further selling. Maize was mixed on good commercial support against rumoured Soviet purchases.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev.
Feb	49.55	—	—	49.40
March	49.90	50.20	49.80	49.75
April	50.30	—	—	50.15
May	50.70	51.10	50.55	50.55
July	51.45	51.75	51.35	51.30
Sept	52.25	—	—	52.05
Dec	53.40	—	—	53.20
Jan	53.75	—	—	53.55
March	54.55	—	—	54.35
May	55.30	—	—	55.10

COCOA 10 tonnes, $/tonnes

	Latest	High	Low	Prev
March	2272	2285	2243	2243
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,000 lb, cents/lb

[illegible]

COPPER 25,000 lb, cents/lb

[illegible]

COTTON 50,000 lb, cents/lb

[illegible]

CRUDE OIL (LIGHT) 42,000 U.S. gallons, $/barrels

[illegible]

GOLD 100 troy oz, $/troy oz

[illegible]

HEATING OIL 42,000 U.S. gallons, cents/U.S. gallons

[illegible]

ORANGE JUICE 15,000 lb, cents/lb

[illegible]

PLATINUM 50 troy oz, $/troy oz

[illegible]

SILVER 5,000 troy oz, cents/troy oz

[illegible]

SUGAR WORLD "11" 112,000 lb, cents/lb

[illegible]

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

[illegible]

LIVE HOGS 30,000 lb, cents/lb

[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

[illegible]

PORK BELLIES 38,000 lb, cents/lb

[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

[illegible]

SOYABEAN MEAL 100 tons, $/ton

[illegible]

SOYABEAN OIL 60,000 lb, cents/lb

[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

[illegible]

SPOT PRICES—[illegible]

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Late fall by dollar

The dollar weakened in late European trading after touching further record levels earlier in the day. Profit taking set in when the U.S. currency breached the DM 3.23 level against the D-mark. At the samo point tho foreign exchanges became very nervous of renewed foreign exchange intervention, following rumours the German Bundesbank asked some leading banks to remain late in Frankfurt.

The Fedoral funds rate in Now York was also showing a softer tone at tho time, falling to 8 5/16 por cent from 8 7/16 per cent on Tuesday.

During most of the day the market was quiet, with the dollar suffering an early setback as further consideration was given to tho prospects of higher U.S. interest rates, following the apparent disagreement between tho Reagan Administration and tho Federal Reserve Board over monotary policy.

By the middle of the day the dollar was gradually moving highor however, touching further record levels against the French franc, Italian lira and Scandinavian currencies, and another 13-year peak in terms of tho D-mark.

But after touching a high of DM 3.2305 the dollar fell back to close at DM 3.215 compared with DM 3.2270 previously, and to FFr 9.8375 from FFr 9.86; SwFr 2.7370 from SwFr 2.7420; and Y259.45 from Y259.70.

On Bank of England figures the dollar's index rose to a record 148.7 from 148.4.

STERLING — Trading range against the dollar in 1984-85 is *1.4940 to 1.1105. January average* 1.1274. Exchange rate index rose to 71.5 from 71.4, compared with 78.9 six months ago. It opened at 71.4 and remained steady at day until rising at the close.

Sterling held steady against the dollar throughout, and recovered from early losses against other major currencies. The pound touched a low of $1.1105, but was unchanged at $1.1115 for most of the day, before the dollar's sudden decline pushed sterling up to close at its peak of $1.1135-1.1145, a rise or 25 points on the day. There was little reaction to news of a cut in the price of Mexican oil, while a steady rise in London money market rates and fading hopes of lower UK bank base rates helpod keep the pound firm. It rose to DM 3.59 from DM 3.5875; FFr 10.95 from FFr 10.9475; SwFr 3.05 from SwFr 3.0450; and Y289 from Y288.50.

D-MARK — Trading range against the dollar in 1984-85 is 3.2270 to 2.5535. January average 3.1698. Exchange rate index 119.8 against 123.8 six months ago.

The D-mark remained under pressure against the dollar yesterday, with tho U.S. currency closing at a 13-year high of DM 3.2295 in Frankfurt, compared with DM 3.2196 on Tuesday. The absence of intervention by the German Bundesbank on the open market sparked late demand for the dollar, pushing it to a trading peak of DM 3.2305. During the morning the market was generally quiet and nervous that the central banks would try to curb the dollar's strength. At one time the dollar touched a low of DM 3.2175, but had recovered to DM 3.2230 by the time of the Frankfurt fixing, when the Bundesbank sold $13.95m. Also at the fixing sterling rose to DM 3.5860 from DM 3.58, and the Swis franc to DM 1.1791 from DM 1.1751. Tho French franc was unchanged at DM 32.7555 per 100 francs.

STERLING EXCHANGE RATE INDEX

(Bank of England)

8.30 am	71.4	71.3
9.00 am	71.4	71.4
10.00 am	71.4	71.5
11.00 am	71.4	71.4
Noon	71.4	71.4
1.00 pm	71.4	71.4
2.00 pm	71.4	71.4
3.00 pm	71.4	71.4
4.00 pm	71.5	71.4

£ in New York

	February 5	Prev. close
£ Spot	$1.1135-1.1140	$1.1125-1135
1 month	0.47-0.45 pm	0.44-0.41pm
3 months	1.25-1.20 pm	1.16-1.15pm
12 months	2.70-2.60 pm	2.46-2.39pm

Forward premiums and discounts apply to the U.S. dollar.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu February 5	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc ...	44.9008	44.5511	−0.78	+0.00	±1.5428
Danish Krone ...	8.14104	7.94712	−2.38	−1.55	±1.6421
German D-Mark	2.24184	2.22609	−0.70	+0.13	±1.1463
French Franc ...	6.87456	6.79456	−1.16	−0.33	±1.3659
Dutch Guilder ...	2.52595	2.51941	−0.26	+0.57	±1.5185
Irish Punt	0.72569	0.715556	−1.40	−0.57	±1.6671
Italian Lira	1403.49	1368.40	−2.50	−2.30	±4.0511

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT—FORWARD AGAINST POUND

Feb 5	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.1105-1.1145	1.1135-1.1145	0.48-0.44c pm	4.95	1.26-1.20pm	4.40
Canada	1.4819-1.4880	1.4865-1.4875	0.51-0.42c pm	3.75	1.28-1.14pm	3.26
Nethlnd.	4.05-4.07¼	4.06-4.07	2⅜-2⅛c pm	6.64	6¾-6½pm	6.52
Belgium	71.65-71.95	71.75-71.85	23-17c pm	3.34	51-42pm	2.59
Denmark	12.78½-12.81½	12.80-12.81	2½-1½ore pm	1.82	5⅞-3⅞pm	1.41
Ireland	1.1507-1.1547	1.1520-1.1530	5.02p pm-0.15dis	−0.68	0.05-0.42dis	−5.82
W. Ger.	3.57¾-3.59½	3.58½-3.59½	2⅛-2pf pm	7.10	6¼-6pm	5.82
Portugal	198.40-203.50	198.80-203.60	195-540c pm	21.94	610-1415d	−18.15
Spain	197.85-198.60	197.90-198.40	20c pm-par	−0.61	25pm-30dis	−0.05
Italy	2,198½-2,209¾	2,202-2,203	par-3 lire dis	−0.82	7-12dis	−1.72
Norway	10.32-10.35¾	10.33-10.34	1¼-¾ore pm	6.94	3-2½pm	0.99
France	15.92½-10.97¾	10.94½-15.95½	3⅛-2½c pm	3.08	6⅞-6pm	2.35
Sweden	15.19½-10.22¾	10.21-15.22	⅛-1ore dis	−5.81	1¼-2½dis	−0.83
Japan	288-289½	288½-289½	1.74-1.62y pm	5.90	4.82-4.74pm	5.68
Austria	25.16-25.30	25.23-25.28	13⅞-12⅞gro pm	3.27	38⅛-35⅞pm	6.96
Switz.	3.03½-3.06½	3.04½-3.05½	2¼-1⅞c pm	7.87	5¾-5½pm	7.46

Belgian rate is for convertible francs. Financial franc 72.20-72.30. Six-month forward dollar 1.93-1.85c pm, 12-month 2.70-2.55c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

Feb 6	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.1105-1.1145	1.1135-1.1145	5.48-0.44c pm	4.95	1.26-1.20pm	4.40
Ireland†	5.9636-0.9670	5.9660-0.9670	0.48-0.42c pm	5.90	1.32-1.20pm	5.22
Canada	1.3332-1.3354	1.3345-1.3350	5.12-0.15c dis	−1.21	0.38-0.41dis	−1.15
Nethlnd.	3.6400-3.6600	3.6485-3.6495	5.56-0.53c pm	1.79	1.95-1.92pm	2.12
Belgium	64.40-64.85	64.40-64.50	12-13c dis	−2.33	34-36dis	−2.17
Denmark	11.47¾-11.54¾	11.48¾-11.49¾	1¾-2¼ore dis	−2.08	5½-6dis	−2.00
W. Ger.	3.2135-3.2305	3.2210-3.2220	5.61-0.56pf pm	2.15	2.03-1.98pm	2.49
Portugal	180-185	180-183	250-550c dis	−28.45	650-1450d	−23.14
Spain	177.45-178.30	178.00-178.10	55-65c dis	−4.04	170-190dis	−4.04
Italy	1,975-1,985	1,977-1,978	8½-9 lire dis	−5.29	28¾-29dis	−5.80
Noway	9.28¾-9.29½	9.27¾-9.28¾	2.60-3.10ore dis	−3.68	7¼-7¾dis	−3.23
France	9.82½-9.86	9.83½-9.84	1.43-1.63c dis	−1.80	5.10-5.40dis	−2.13
Sweden	5.16½-9.18¾	9.16¾-9.17¾	4.10-4.60ore dis	−5.69	11⅛-12½dis	−6.28
Japan	259.15-259.70	259.40-259.50	5.50-0.46y pm	2.22	1.58-1.53pm	2.38
Austria	22.60-22.70	22.64-22.67	5½-3gro pm	1.72	11½-8½pm	1.85
Switz.	2.7280-2.7410	2.7365-2.7375	0.65-0.59c pm	2.72	2.15-2.09pm	2.10

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 64.80-64.90.

OTHER CURRENCIES

Feb. 5	£	$		£ Note Rates
Argentina Peso..	253.84-254.30	228.38-228.58	Austria	25.05-25.30
Australia Dollar.	1.4220-1.4240	1.2790-1.2795	Belgium	71.65-72.56
Brazil Cruzeiro..	3,985-3,988	3,567-3,585	Denmark	12.73-12.85
Finland Markka.	7.4790-7.4935	6.7315-6.7335	France	10.88-11.00
Greek Drachma.	144.47-147.38	129.85-132.48	Germany	3.57-3.60
HongKong Dollar	8.6720-8.6820	7.8020-7.8040	Italy	2195-2225
Iran Rial	105.85*	94.90*	Japan	288-263
KuwaitDinar(KD)	0.3415-0.3429	0.30755-0.30765	Netherlands	4.04-4.08
Luxembourg Fr	71.75-71.85	64.40-64.50	Norway	10.28-10.38
Malaysia Dollar	2.8120-2.8180	2.5230-2.5315	Portugal	193-208
New Zealand Dlr.	2.4035-2.4085	2.1010-2.1030	Spain	195-204½
Saudi Arab Riyal	3.9795-3.9860	3.5820-3.5850	Sweden	10.18-10.28
Singapore Dollar	2.4670-2.4930	2.2375-2.2390	Switzerland	3.03-3.06
Sth African Rand	2.1746-2.1835	1.9570-1.9625	United States	1.10-1.12
U.A.E. Dirham	4.0795-4.0865	3.6720-3.6730	Yugoslavia	283-295

* Selling rate.

CURRENCY MOVEMENTS

Feb. 6	Bank of England Index	Morgan Guaranty Changes%
Sterling	71.0	−18.7
U.S. dollar	148.7	+34.0
Canadian dollar	90.8	−5.5
Austrian schilling	109.7	+3.4
Belgian franc	88.5	−10.2
Danish Kroner	76.3	−5.1
Deutsche mark	112.8	+8.1
Swiss franc	134.5	+6.8
Guilder	102.4	+9.5
French franc	63.5	−16.1
Lira	46.5	−14.0
Yen	152.4	+8.2

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

Feb. 5	Bank rate %	Special Drawing Rights	Europ'n Currency Unit
Sterling	—	0.870838	0.580763
U.S. $	8	0.967879	0.690150
Canadian $	8.75	*	0.920027
Austria Sch.	4½	21.9118	15.5188
Belgian Fr	11	62.4718	44.0511
Danish Kr	7	11.1345	7.94712
D'mark	4½	3.11947	2.22609
Guilder	5	3.53237	2.51941
French Fr	9½	9.52877	6.79456
Lira	15½	N/A	1368.40
Yen	5	251.558	179.198
Norway Kr	8	8.98670	6.41229
Span'h Pts	½	172.273	122.985
Swedish Kr	9	8.87646	6.33530
Swiss Fr	4	2.64667	1.88743
Greek Dr'ch	20½	127.094	90.5343
Irish Punt	12¾	1.00550	0.715556

* C$/SDR rate for February 5: 1.293

EXCHANGE CROSS RATES

Feb. 6	Pound St'rling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.114	3.590	289.0	10.95	3.050	4.065	2203.	1.487	71.80
U.S. Dollar	0.898	1.	3.222	259.5	9.838	2.737	3.649	1978.	1.334	64.45
Deutschem'rk	0.279	0.310	1.	80.50	3.050	0.850	1.283	513.5	0.414	20.00
Japanese Yen 1,000	5.460	3.855	12.42	1000.	37.89	10.55	15.93	7621.	5.144	248.4
French Franc 10	0.913	1.017	3.279	263.9	10.	9.785	4.205	2011.	1.358	65.57
Swiss Franc	0.328	0.365	1.177	94.75	3.590	1.	1.510	722.1	0.487	23.54
Dutch Guilder	0.217	0.242	0.780	62.76	2.378	0.662	1.	478.3	0.323	15.59
Italian Lira 1,000	0.454	0.506	1.630	131.2	4.972	1.385	2.091	1000.	0.675	32.60
Canadian Dollar	0.673	0.749	2.418	194.4	7.366	2.052	3.096	1482	1.	48.30
Belgian Franc 100	1.395	1.552	5.000	402.8	15.25	4.248	6.414	3068.	2.070	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Feb.6	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	14-14¼	8⅛-8¼	9-9⅛	5⅜-5⅛	¼-⅝	6-6⅛	10⅝-15⅛	14-15	9¾-10½	10-15¼	6⅛-6⅜	11-11⅛
7 days' notice	14-14¼	8⅛-8⅜	8⅞-9¼	5⅝-5½	1⅞-2⅛	6-6⅛	10⅛-10½	13¾-14¾	10¼-10¾	10⅝-10⅞	5⅞-5¼	11-11⅛
Month	14-14⅛	8⅞-8⅞	9⅛-9⅞	5⅞-5⅞	5⅜-5⅛	5⅛-5¼	10½-10⅝	14⅛-14⅝	10⅛-11	15⅝-10⅞	6¼-6⅜	10¾-11¼
Three months	13⅞-13⅞	8¾-8⅞	9⅞-10	6⅛-6⅛	5⅞-5⅞	6⅛-6⅞	10⅞-11⅛	14½-15	10⅛-11	10¾-11	6⅛-6⅛	11¼-11¾
Six months	12⅞-13	9-9⅛	10-10⅞	6⅛-6⅞	5⅞-5⅞	6⅛-6⅞	11¼-11⅝	14⅝-15	10⅝-11⅛	10⅞-11⅛	6⅛-6⅞	11-11⅛
One year	12⅛-12½	9⅝-9¾	10⅛-10⅛	6¾-6⅞	5⅞-5⅞	6⅛-6⅛	11½-11⅜	10-15½	11-11½	10⅞-11⅛	6⅛-6⅞	11-11⅛

Asian $ (closing rates in Singapore): Short-term 8⅝-8⅞ per cent; seven days 8½-8¾ per cent; one month 8¾-8⅞ per cent; three months 8⅞-9 per cent; six months 9-9⅛ per cent; one year 9⅝-9¾ per cent. Long-term Eurodollars: two years 10½-10⅝ per cent; three years 10⅞-11⅛ per cent; four years 11⅛-11⅜ per cent; five years 11½-11⅝ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

FINANCIAL FUTURES

Quiet trading

Trading was quiet on the London International Financial Futures Exchange yesterday. Tuesday's three-year nots auction by the U.S. Treasury was well received, and sontiment was also helped by a slight easing of *Eurodollar interest* rates. This encouraged three-month Eurodollars for March delivery to open firm at 90.96. There was a strong attempt to push the price up to 91.00, but selling set in below this level, and the contract peaked at 90.99. Traders in Chicago took tho market down in the afternoon, partly on nervousness ahead of yesterday's auction of $6bn in 10-year notes, and today's sale of $5.75bn of 30-year U.S. Treasury bonds, reflecting fears that Tuesday's successful auction may not be a good guide to the demand for longer term paper. March Eurodollars closed at 90.94 compared with 90.90.

March delivery gilts opened weaker at 103-17, but improved in line with good buying in the cash market, to touch a high of 103-28, before closing at 103-26, virtually unchanged from tho Tuesday close of 103-25.

LONDON

THREE-MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev
March	90.94	90.99	90.90	90.90
June	90.40	90.48	90.39	90.38
Sept	89.87	89.93	89.85	89.84
Dec	89.40	89.47	89.35	89.40
March	89.05	89.90	89.05	89.05

Estimated volume 3,830 (4,865)
Previous day's open int 13,934 (13,726)

THREE-MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev
March	103-26	103-28	103-17	103-25
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]
Basis quote (clean cash price of 13¼% Treasury 2003 less equivalent price of near future contract) [illegible]

STERLING £25,000 $ per £

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]

DEUTSCHE MARKS
DM 125,000 $ per DM

	Close	High	Low	Prev
March	[illegible]	—	—	[illegible]

Estimated volume nil [illegible]
Previous day's open int [illegible]

SWISS FRANCS
SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
March	[illegible]	—	—	[illegible]
June	[illegible]	—	—	[illegible]

Estimated volume nil [illegible]
Previous day's open int [illegible]

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
March	[illegible]	—	—	[illegible]
June	[illegible]	—	—	[illegible]

Estimated volume nil [illegible]
Previous day's open int [illegible]

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	—	—	[illegible]

Estimated volume [illegible]
Previous day's open int [illegible]

U.S. TREASURY BONDS
8% $100,000 32nds of 100%

	Close	High	Low	Prev
March	72-18	72-29	72-17	72-19
June	71-17	—	—	71-19

Estimated volume 884 (1,284)
Previous day's open int 2,077 (2,148)

CHICAGO

U.S. TREASURY BONDS (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	72-22
June	[illegible]	[illegible]	[illegible]	71-21
Sept	[illegible]	[illegible]	[illegible]	70-28
Dec	[illegible]	[illegible]	[illegible]	70-08
March	[illegible]	[illegible]	[illegible]	69-22
June	[illegible]	[illegible]	[illegible]	69-07
Sept	[illegible]	[illegible]	[illegible]	68-26
Dec	—	—	—	68-15
March	—	—	—	68-05
June	—	—	—	67-28

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	91.79
June	[illegible]	[illegible]	[illegible]	91.40
Sept	[illegible]	[illegible]	[illegible]	90.91
Dec	[illegible]	[illegible]	[illegible]	90.49
March	[illegible]	[illegible]	[illegible]	90.14
June	[illegible]	[illegible]	[illegible]	89.86
Sept	[illegible]	[illegible]	[illegible]	89.62
Dec	[illegible]	[illegible]	[illegible]	89.39

CERT. DEPOSIT (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

STERLING (IMM) $e per £

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]

GNMA (CBT)
8% $100,000 32nds of 100%

	Latest	High	Low	Prev
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

MONEY MARKETS

Hopes recede for lower interest rates

HOPES OF a reduction in bank base rates receded further yesterday as interest rates on the London money market again increased and moved nearer to tho 14 por cent level.

The day, while quiet, saw the dollar establish more records against some European currencies while the pound looked nervously vulnerable.

Rates wore also influenced by the possibility soon of higher U.S. interest rates.

UK clearing banks base lending rate 14 per cent since January 28.

Three-month eligible bank bills rose to 13¼ per cent, from 13-13⅛ per cent. And three-month interbank closed 3/16 per cent higher at 13 9/16 per cent.

The Bank of England was quick off the mark to eliminate a forecast money market shortage of £550m.

All but £1m of the shortage was taken out by lunch, with the Bank initially purchasing £22m of bills outright through £9m of Treasury bills in band 1 (up to 14 days maturity) and £13m of Local Authority bills; both carried a rate of 13⅞ per cent.

This operation was accompanied by the purchase of £498m of bills at 13⅞ per cent for resale next Thursday. And the morning was seen out with the purchase of £29m of bills outright comprising £6m of band 1 bank bills at 13⅞ per cent and £23m of band 2 (*15-33 days maturity*) bank bills at 13¾ per cent.

Afternoon operations involved a further purchase of band 2 bank bills outright amounting to £31m at 13¾ per cent.

In all the Bank provided total help on the day of £625m including late assistance of £45m.

The day's projected shortage was made up of bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills £122m; bills for repurchase by the market £104m; exchequer transactions £150m; rise in note circulation £80m; and bank balances below target *absorbed £100m.*

FT LONDON INTERBANK FIXING

(11.00 a.m. February 6)
3 months U.S. dollars

bid 8 3/4	offer 8 7/8

6 months U.S. dollars

bid 6	offer 9 1/8

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Feb. 6 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	13-16	14	11-14⅛	11-14¼	—	—	—	—	—
2 days notice	—	—	13⅞-13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	14-14¼	14-14⅛	14¼-14⅝	14	—	—	—	—	—
One month	13¾-13⅝	14-14⅛	14	14¼	13⅛	13¾	15¼	13¾	13⅝	14⅜
Two months	13½-13⅝	13 9/16-13 11/16	13¼	14	13	13⅝	15⅝	13⅝	13⅝	14¼
Three months	13⅜-13 7/16	13½-13⅝	13⅝	13⅞	12⅛	13¼	13	13¼	13	13⅝
Six months	12 15/16-19⅛	12¾-13	12⅞	—	—	—	—	19⅛	11½	12⅛
Nine months	12-11⅞	19⅝-12⅝	—	—	—	—	—	—	—	—
One year	11⅞-11¾	12¼-19⅝	12¼	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	14⅛-15⅞	—	15⅞	8.4-8.5	8⅝-8⅞	10⅛-10⅜
Two months	14-13⅝	—	16⅝	8.5-8.8	8⅞-8¾	10⅛-10⅛
Three months	13⅞-13⅛	—	16⅝	8.55-8.65	8⅞-8⅞	10⅛-10⅛
Six months	13-12⅝	—	12⅞	8.8-8.9	8⅞-8⅞	10⅛-10¼
Nine months	13-12⅝	—	12¾	0.1-9.3	—	—
One year	12⅛-12¼	—	18⅝	6.5-9.7	6-9¼	9⅞-10⅛
Two years	—	11⅛	—	—	—	—
Three years	—	11⅞	—	—	—	—
Four years	—	11⅞	—	—	—	—
Five years	—	11⅞	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period January 2 to February 1985 (inclusive): 11.840 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 10½ per cent from February 1 1985. London and Scottish Clearing Bank Rates for lending 14 per cent. London Deposit Rates for sums at seven days' notice 11-11½ per cent. Treasury Bills: Average tender rates of discount 11.8190 per cent. Certificates of Tax Deposit (Series 6): Sales temporarily suspended. Rates prior to suspension were: Deposit £100,000 and over held under one month 14¼ per cent; one-three months 14 per cent; three-six months 13¾ per cent; six-nine months 13½ per cent; nine-12 months 13¼ *per cent. Under £100,000 12½ per cent from January 30.* Deposits held under Series 8-15 per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

Feb. 6	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	6.00-6.10	10⅛	8⅞-3⅛	6⅛-6⅛	6.21875	15⅞-16	7.55	14¾-15
One month	6.00-5.80	10⅛-10⅝	0⅛-5⅝	5⅛-0⅞	6.21870	15¾-16⅛	10⅝-10⅞	14¾-15
Two months	6.90-6.10	15⅛-10⅝	—	—	—	—	—	14⅝-14⅞
Three months	6.10-6.25	10½-15⅝	6⅛-5⅝	5⅛-5⅝	6.28125	16¼-16⅛	10¾-11	14⅛-14¾
Six months	6.25-5.40	10⅛-10⅝	—	5⅝-6¾	—	—	10⅞-11⅛	14¼-14½
Lombard	5.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5¾	—	—	—	—

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9¾
Fed funds	8⅝
Fed funds at intervention	—

Treasury Bills

One-month	8.50
Two-month	9.05
Three-month	8.09
Six-month	8.20
One-year	8.42

Treasury Bonds

Two-year	99 31/32
Three-year	100
Four-year	99 31/32
Five-year	100⅝
Seven-year	101 11/32
10-year	101 21/32
30-year	103 25/32

Company Notices

NOTICE OF REDEMPTION
MORTGAGE BANK OF FINLAND OY
U.S.$15,000,000
8½% 1971/1986

Holders of the above mentioned loan are hereby informed that the annual instalment of U.S.$1,500,000 due 15th February, 1985 has been effected by drawing by lot. [illegible]

THE PHILIPPINE INVESTMENT COMPANY
société anonyme in liquidation
Registered Office: LUXEMBOURG, 14, rue Aldringen
Commercial Register: Section B No. [illegible]

NOTICE OF AN EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS [illegible]

Luxembourg, 1st February, 1985.

THE LIQUIDATOR

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for February 6.

OVER-THE-COUNTER

Continued from Page 34

Indices

	Feb. 6	Feb. 5	Feb. 4	Feb. 1	1984-85 High	1984-85 Low
AUSTRALIA						
All ord. (1/1/80)	777.3	772.2	765.8	772.7	787.3 (8/1/84)	546.8 (18/6)
Metals & Minls. (1/1/80)	446.8	444.3	451.7	445.8	587.4 (5/1/84)	395.8 (7/1/85)
AUSTRIA						
Credit Aktien (2/1/62)	82.21	81.88	81.53	80.49	82.21 (6/2/85)	55.20 (15/6)
BELGIUM						
Brussels SE (1/1/80)	2152.88	2147.28	2146.97	2114.25	—	—
DENMARK						
Copenhagen SE (3/1/83)	(u)	172.83	173.50	—	225.21 (20/1/84)	158.44 (8/1/85)
FRANCE						
CAC General (31/12/82)	197.8	196.8	195.1	195.7	197.8 (6/2/85)	155.9 (3/1/84)
Ind Tendance (28/12/84)	107.8	106.8	105.1	106.8	107.8 (6/2/85)	100.0 (28/12/84)
GERMANY						
FAZ Aktien (31/12/58)	385.88	390.42	390.39	397.03	402.75 (18/1/85)	317.77 (25/7)
Commerzbank (1/12/53)	1147.2	1155.4	1158.2	1158.6	1171.1 (22/1/85)	917.7 (25/7)
HONG KONG						
Hang Seng Bank (31/7/64)	1355.81	1382.47	1383.22	1359.29	1385.42 (17/1/85)	746.02 (13/7)
ITALY						
Banca Comm Ital. (1972)	268.90	264.34	264.17	264.33	268.90 (6/2/85)	182.06 (2/1/84)
JAPAN**						
Nikkei-Dow (16/5/49)	11867.2	11828.4	11691.7	11546.95	11992.3 (31/1/85)	9703.35 (23/7)
Tokyo SE New (4/1/68)	916.94	917.99	920.80	926.01	935.77 (19/1/85)	750.4 (4/1/84)
NETHERLANDS						
ANP-CBS General (1970)	186.5	186.2	185.2	187.0	189.6 (8/2/84)	146.9 (25/7)
ANP-CBS Indust (1970)	157.3	156.7	154.8	156.8	157.7 (23/1/85)	116.7 (19/6)
NORWAY						
Oslo SE (4/1/83)	334.86	331.38	326.38	329.29	334.86 (6/2/85)	221.67 (4/1/84)
SINGAPORE						
Straits Times (1966)	812.39	825.18	828.19	831.25	1071.8 (8/2)	784.4 (16/1/85)
SOUTH AFRICA						
Gold (1958)	(u)	924.9	919.8	925.5	1089.0 (19/11)	783.1 (24/7/84)
Industrial (1958)	(u)	882.8	864.8	884.1	1105.3 (26/3)	865.5 (19/9)
SPAIN						
Madrid SE (28/12/84)	115.28	114.63	111.41	118.28	117.41 (4/2/85)	100.00 (28/12/84)
SWEDEN						
Jacobson & P (1/1/58)	1485.25	1486.01	1471.96	1481.56	1584.5 (8/2)	1502.38 (22/11)
SWITZERLAND						
Swiss BankCpn. (31/12/58)	414.8	411.5	408.8	413.7	414.8 (6/2/85)	354.5 (25/7)
WORLD						
Capital Intl. (1/1/70)	—	185.4	185.6	183.8	187.1 (1/2/85)	158.2 (14/12)

** Saturday February 2: Japan Nikkei-Dow 11,889.6. TSE 923.85.

Base values of all indices are 100 except Australia All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Exclusive bonds. ‡ 400 Industrials. § 400 Industrials plus 40 Utilities, 40 Financials and 20 Transports. c Closed. (u) Unavailable.

CAPITAL MARKETS

Bankers Trust comes back with $300m floating-rate note

BY MAGGIE URRY IN LONDON

BANKERS Trust International was busy again yesterday, launching a $300m floating rate note for its parent. On Tuesday it led a $100m fixed-rate issue for Bankers Trust which was swapped into floating rate funds at a lower borrowing cost than the new FRN.

That is not to say that the FRN — which pays interest of 1/16 per cent over three-month London interbank offered rate (Libor) and front end fees of 32 basis points — produced an excessive cost of funding. The issue which has a 15-year life, traded well inside the fees at a discount of around 20 basis points to the par issue price.

Two straight Eurodollar issues were launched, both finding the going slow and trading around the gross fee level. Gould, the U.S. electronics group, is raising $75m through a 10 year issue with a 11⅞ per cent coupon and par issue price, led by Kidder Peabody. Fees total 2 per cent. The issue coincides with the redemption of Gould's last Eurodollar bond issued in 1979.

Salomon Brothers launched a $100m seven-year deal for Toyo Trust with an 11⅛ per cent coupon and par issue price. This is not a direct issue from Japan, so it will have to find buyers away from the Far East. Fees total 1⅞ per cent.

A $20m issue with equity warrants appeared for Maruzen, the Japanese book retailer, led by Nikko Securities. This has a five year life and the indicated coupon is 8⅜ per cent.

The Eurodollar bond market was quiet yesterday, though a firmer tone was noted in morning trading following the success of the U.S. Treasury's first auction.

In Europe the weight of new paper, the rising dollar and higher local interest rates have upset bond markets and a number of new issues have been postponed in the major currency sectors. In Swiss francs, Union Bank of Switzerland yesterday delayed the issue due for TransCanada PipeLines, while in the Ecu market Banque Paribas is holding back an issue for Seiyu Stores.

The scheduled D-Mark 200m issue for Province of Quebec, under

SBW Bank bond average		
Feb 6		Previous
101.452		101.447
High	1984/85	Low
103.042		98.088

the management of Commerzbank, did appear. The terms reflect the recent poorer market, with a coupon of 7⅞ per cent for the 10-year issue. The issue price was fixed at 100⅜. Dealers regarded the terms as acceptable, and the issue traded at a discount around the 1⅞ per cent selling concession.

D-Mark bonds were weaker by around ¼ point yesterday. The Swiss franc bond market saw a SwFr 50m issue with equity warrants for Silver Seiko, which had originally been planned for the D-Mark market, led by Credit Suisse. This private placement has a five-year life and the coupon is indicated at 3⅜ per cent. The warrant premium will be around 2½ per cent.

A SwFr 80m convertible private placement is being managed by UBS for Shin-Etsu, the chemical group. This has a five-year life and indicated 2 per cent yield.

SBC was able to cut the coupon and increase the size of a bond with equity warrants issued for Toyobo. The coupon was set at 3⅜ per cent, a ¼ point lower than indicated, and the deal raises SwFr 75m, not the original SwFr 50m.

UBS priced its dual-currency issue for Sperry yesterday, setting the amount at SwFr 100m and coupon at 6⅜ per cent for the 10 year issue. All interest payments will be made in U.S. dollars, and the bonds will be redeemed in dollars.

Bond prices were unchanged or slightly firmer in the Swiss franc market yesterday. Santos Finance's 5⅜ per cent issue started trading yesterday at 99⅜ against the par issue price.

● In yesterday's story on East Germany's new $150m Eurocredit it was stated that the inclusion of a margin over U.S. prime rate had been a concession on the part of the U.S. authorities. This should have read East German authorities.

We regret that due to communications problems this listing is incomplete.